

# The Nation Underwriter

LIFE INSURANCE EDITION

FRIDAY, JUNE 24, 1932



National Life Insurance Co. of the U. S. of A.  
A. M. Johnson, Chairman of the Board. JUN 24 1932

## BUILDING BUSINESS NOW

Events of the past three years have nullified visionary, high-pressure appeals to men to either work or buy.

People in all walks of life and all lines of industry and commerce have learned to distinguish between facts and fancy—between sane enthusiasm and gleaming, vapid optimism of the old "inspirational" smatter.

Life insurance men have learned to distinguish between hoping and working for results, but it has taken some time to recognize what can be accomplished now regardless of all other factors, when a man applies himself day in and day out persistently and intelligently to the job in hand.

Men recognizing life insurance as a life work are anxious to establish themselves in the business now when prospective buyer acceptance of life insurance among people able to pay for it is greater than ever before. Full facilities for permanently profitable activity are essential to success. National Life of the U. S. of A. underwriters have:

- New Guaranteed Low Cost Full Level Premium Policy Contracts.
- Accident and Health in combination with Life.
- Liberal Underwriting with Non-Medical and Sub-standard.
- Retirement Income.
- Term Expectancy.
- Modified Life.
- Juvenile Insurance.
- Excess interest payments on income settlements and funds left on deposit.
- Participation on Full Level Premium Limited Payment Policies after completion of premium paying period.
- Prompt, efficient service to Policyholders and Beneficiaries.

Established 1868

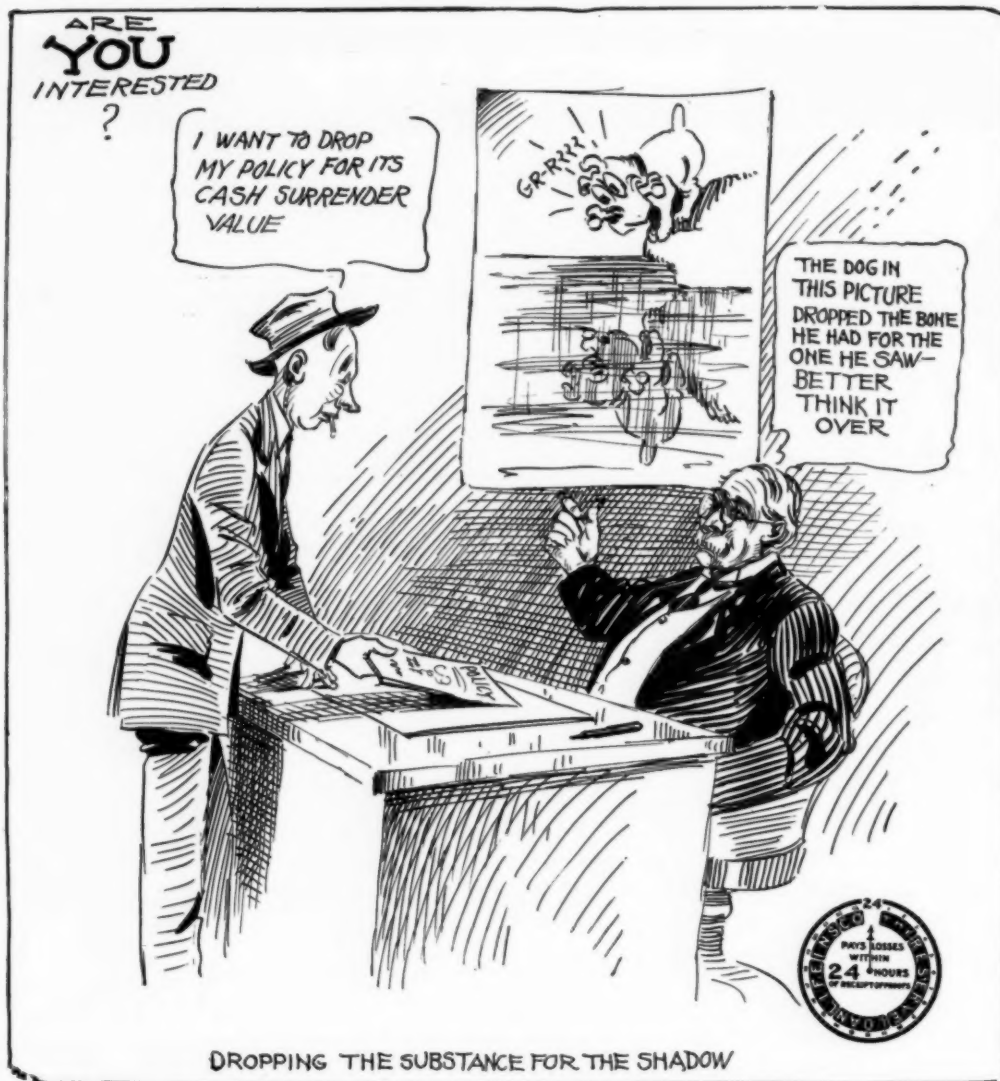
## NATIONAL LIFE INSURANCE COMPANY of the UNITED STATES OF AMERICA

Robert D. Lay  
President

Walter E. Webb  
Executive Vice-President

29 South LaSalle Street, Chicago

*A Fine OLD Company for Ambitious YOUNG Men*



WRITE FOR GENERAL AGENCY PROPOSITION  
AND TERRITORY

# RESERVE LOAN LIFE

## INSURANCE COMPANY

INDIANAPOLIS, INDIANA.

## EFFECTIVE RE-SELLING

Life underwriters today are facing a serious problem — keeping in force the life insurance which their clients own. Policyholders today are entitled to one hundred per cent service. The underwriter's future depends upon his giving this service.

To re-sell an old policy before it has lapsed is less difficult than to reinstate it after it has lapsed; but the interview to re-sell must be just as carefully planned as the interview to make an original sale. "What to say" when a policyholder is contemplating lapse or surrender must be carefully thought out. Equitable underwriters have successfully used such appeals as:

— 1 —

"Do you remember the story of the Arkansas traveler who asked a farmer why he didn't fix the leaks in the roof of his house? The farmer replied: 'When it's rainin' I can't fix it—when it ain't rainin' the roof don't need it.'"

"Mr. Policyholder, you won't be able to buy life insurance when the grave need for it arises."

— 2 —

"If you cancel this contract you won't cancel the risk. You will merely transfer it from the Equitable to your own wife and children."

— 3 —

"One Equitable policyholder recently said: 'I must keep this policy in force, because it means rent, clothes, coal, and clothing—life necessities—for my family if anything happens to me!'"

"Mr. Policyholder, what would *your* policy mean to *your* family?"

— 4 —

"Before you cancel this policy, ask some one who has been rejected or given a sub-standard policy what he would do if in your position. There are thousands of men who would pay you well if they could buy the privilege you own in this policy."

A well sold client is a tangible asset. His life insurance pays renewal or "service" commissions; his good will pays dividends in new insurance and leads.

*Re-sell Your Clients on The Life Insurance They Now Own*

# THE EQUITABLE

## LIFE ASSURANCE SOCIETY OF THE UNITED STATES

393 Seventh Avenue

New York

Thomas I. Parkinson, President





## Increased Sales Power

**"THE** present problem of the Life Insurance salesman is not so much increased sales resistance as decreased sales power." The foregoing is quoted from the statement of one who has made a close study of the present problems.

There has never been a time in the history of the life insurance business when prospects were more favorably inclined toward life insurance. There is little or no sales resistance to the product itself.

The real problems confronting the insurance salesman are the fear of those who have money and the decreased buying power of those who would otherwise act. These must be offset by increased sales power.

Two things contribute to increased sales power:

1. A product that meets the prospect's needs.
2. A better knowledge of the business and better salesmanship.

The Ohio National has in operation a complete beginner's training course which is offered to all salesmen who have been under contract and is required of all new salesmen when they sign a contract.

Over 40% of the present sales force have taken the course. This 40% are writing 70% of the Company's business. This illustrates the value to the salesman of the Ohio National training course.

Policies to meet the salesman's need and a modern training course that increases sales power are among the many reasons "Why It Pays to Tie Up With The Ohio National."

Salesmen wanted in select locations in the following states: Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Nebraska, Ohio, Oklahoma, Pennsylvania, Texas, and West Virginia.

*For information as to a policy to fit your need or a salesman's contract, write—*

### THE OHIO NATIONAL LIFE INSURANCE COMPANY

T. W. Appleby,  
President

CINCINNATI, OHIO

E. E. Kirkpatrick,  
Supt. of Agencies

#### Ohio National Protection and Retirement Plan

Age at issue—30 Annual Deposit \$148.18

The following table shows the cash value and the death benefit quinquennially for a period of 40 years:

End of Year	Cash Value	Death Benefit
1	\$ 63	\$ 2,100
5	571	2,500
10	1,377	3,161
15	2,312	3,936
20	3,434	4,880
25	4,781	6,027
30	6,400	7,424
35	8,339	9,123
40	10,684	11,190

At the end of 40 years or at age 70, the following monthly income for life is available to the policyholder:

\$95.02 a month on the life annuity plan, or \$77.75 a month on the refund annuity plan.

In addition to this income the policyholder would have a \$2,000 paid up life policy.

Dividends will increase the income of the policyholder or may be used to reduce the annual premium deposit.



# The National Underwriter

## LIFE INSURANCE EDITION

Thirty-Sixth Year No. 26

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, JUNE 24, 1932

\$3.00 Per Year, 15 Cents a Copy

### Great Interest in Chicago Meeting

Insurance Commissioners Draw Large Crowd of Observers as Onlookers

### VALUATION ISSUE IS UP

Organizations Are Well Represented as a Number of Vital Questions Are Being Considered

The valuations committee of the National Convention of Insurance Commissioners in executive session Wednesday adopted a resolution favoring the amortization plan of valuing bonds of fire and casualty companies.

The resolution did not refer specifically to the June 30 statement, but approved the amortization idea as a general principle especially in times of economic disturbance.

The question of valuations of stocks was left in the air and the assumption is that the New York department will exercise judgment in individual cases in connection with the June 30 statement.

Mr. Van Schaick informed the commissioners that the New York department had set up a statistical bureau to advise the companies in the valuation of securities.

The meeting of the executive committee of the National Convention of Insurance Commissioners at Chicago this week attracted a large attendance, not only of state officials but company executives and organization men. Paul Haid of New York, president Insurance Executives Association, was on hand as an onlooker. The casualty men came to the convention and also killed two birds with one stone inasmuch as they met the Chicago local contingent in the effort to straighten out acquisition cost problems in the city. They were naturally interested in the proposed move to increase compensation rates.

#### Committee on Valuations

The main question centered about the recommendation of the committee on valuation of securities of which Superintendent Van Schaick of New York is chairman. The New York state department delegation was large as usual.

Commissioner Boney of North Carolina, chairman of the executive committee, was in charge of the opening meeting. Other committee meetings scheduled were those on valuations, fire insurance and workmen's compensation. Most of the commissioners arrived Tuesday and held informal conferences during the day. There were present from the far west Commissioners Fishbeck of Washington, Mitchell of California and Thulemeyer of Wyoming.

Bruce Shepherd, actuary of the New Jersey department, who has just been elected actuary of the Association of

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### Actuaries Equally Divided as to Investment Policies

There was almost an equal division of opinion concerning investment forms of policies on the part of actuaries attending the American Institute of Actuaries convention in Kansas City, Mo.

The advantages of such forms are that they provide a source of liquid funds and increase the assets of the life company; they increase the faith of the people of a community in life insurance when men of means invest in them; they have meant the sale of additional life insurance; and group annuities have tended to increase the laborer's consciousness of the need for old age retirement.

#### Surrenders at Upturn Liable

On the other hand, actuaries pointed out that on the pure annuity forms the mortality has been in some cases unfavorable; surrenders at the upturn are liable to place a strain upon the company; the agent is liable to concentrate on annuities and investment forms to the detriment of regular forms; and their use may arouse the antagonism if the public feels they encroach too far upon investment fields not rightfully the insurance companies'.

William H. Harrison, Bankers Reserve Life of Nebraska, began the discussion by an analysis of why there has been so great an increase in the sale of investment policies during the past three years. The desire of a person for financial security, he pointed out, can be fulfilled in many different ways. Among those who fulfil this desire in a conservative manner are those who buy annuities. Of course, as America grows older and her economic system solidifies, this conservative group increases. But conditions have accelerated this increase during the past two years very sharply. A great number have turned from the speculative to the conservative group; and there will be some of these, of course, who will return to the speculative at the upturn.

#### Include Settlement Option

In speaking of investment forms and whether or not they are desirable from the company viewpoint, it is necessary to include settlement options, Mr. Harrison pointed out. Experience with pure forms of annuities has been progressively more unfavorable. But on settlement options the company has a number of chances for selection and weeding out, so that, actually, it is the settlement option group that will become a "true" annuitant group. The mortality that results will be a true annuitant mortality.

Mr. Harrison stressed the need for study of annuities and semi-annuities, because with their increasing popularity has come the realization among actuaries that there may be trouble ahead. Actuarially, deferred annuities offer companies a poor chance to break even, and Mr. Harrison feels they are unsafe as now being sold.

Single premium policies involve the company's contractual obligation to pay on demand, Mr. Harrison continued, so that the policyholder really has a demand deposit when he buys such a pol-

icy. Consequently, a high rate of surrender seems very likely when the upturn in conditions does come. The public now is buying these policies because of the fear of other investment forms. Mr. Harrison believes, and when this fear ceases to exist, they will return to the other forms of investment.

One of the dangers of the single premium policy, as Mr. Harrison sees it, lies in the fact that the public and legislative bodies regard premium deposits as cash deposits, and that agents have been selling upon that basis. The public and legislative bodies should be gotten out of the erroneous notion that premium payments are cash deposits.

The Penn Mutual Life, according to Lawrence L. Stevens, assistant actuary, whose paper on this subject was read by A. F. Schwartz of that company, has experienced a three-fold increase in large policies of the investment type.

#### Source of Liquid Funds

Mr. Stevens believes that single premium annuities provide a source of liquid funds and increase the assets of the company; but too much attention to these forms to the detriment of others on the part of the agent is a disadvantage, as are the possibilities that the public may come to think the life company is trespassing upon investment fields not rightfully belonging to it, and that there will be a large number of surrenders when the upturn comes.

In addition to the desire of those who buy annuities for safe investment, John G. Gowans, Imperial Life of Canada, contended, the agent is responsible for a large share of the increase in the demand for this type of insurance.

Mr. Gowans thinks annuities increase the faith of the people of a community in life insurance. When they see men whom they respect, men of means, investing large sums in annuities, naturally they believe more firmly in the integrity of the insurance company and in the wisdom of leaving their own money deposited with it. This factor, Mr. Gowans pointed out, tends definitely toward decreasing policy loans and surrenders.

#### Losers Ability to Sell Ordinary

The disadvantages of this type of policy are the tendency of the agent to lose his ability to sell ordinary forms through too great and too long concentration upon investment contracts, and the danger of inadequate rates. Single premium policies in Canada were practically discontinued about a year ago. The experience that led to this affords an example of the danger of this kind of contract. When England went off the gold standard and high interest government bonds were offered, there was a sudden drain of cash from life companies at a time of great need and stress.

There is an increased demand for term insurance for the protection of estates, H. R. Bassford, Metropolitan, said. Also, there is an increased demand for single premium investment

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### Program for San Francisco Ready

Detailed Schedule for Annual Meeting of National Association Is Announced

### OPENS TUESDAY EVENING

First Session of Convention Proper Preceded by Million Dollar Round Table and Managers' Meeting

Full details of the program for the annual meeting of the National Association of Life Underwriters, to be held in San Francisco Aug. 15-19, except for the subjects of one or two of the speakers, were announced this week. The convention proper will begin with an evening session Aug. 16, being preceded by the Million Dollar Round Table and the all-day managers' session. Two sessions each will be held on Wednesday and Friday, Thursday being devoted entirely to entertainment. The program follows:

#### Monday, Aug. 15

10 a. m.—Meeting of the executive committee of the National association—all-day session. Dutch luncheon at 12:30.

6 p. m.—Informal conference of local and state association officers.

6 p. m.—Dutch dinner and conference for those interested in the promotion and plans of "The Department of the American Family," under the chairmanship of Mrs. W. S. Pritchard.

6:30 p. m.—Dinner and business meeting of directors of the American College of Life Underwriters.

8:30 p. m.—Meeting of the board of trustees of the National association.

#### Tuesday, Aug. 16

8 a. m.—Breakfast and conference, "Million Dollar Round Table."

9:15 a. m.—Managers' Session—all-day meeting.

#### Evening Session, 7:45 p. m.

Chairman, Elbert Storer, president National Association of Life Underwriters. Opening of the convention by President Storer. Welcome from the convention hosts, by Ben F. Shapiro, president San Francisco association, and Thomas A. Cox, president East Bay association. Greetings by the mayor of San Francisco.

Introduction of special guests, by President Storer.

Theme of the Convention, by Theodore M. Riehle.

9:20 p. m.—Playlet, "Life's Like That," by Louis Ullman.

Address by Mrs. Mildred Poindexter Miller, agent Penn Mutual Life, Kansas City, Mo.

"The Economics of Annuities—from the Selling Point of View," by Dr. S. S. Huebner, University of Pennsylvania.

#### Wednesday, Aug. 17, Morning Session

Chairman, George E. Lackey, chairman of the national executive committee.

Singing.

(CONTINUED ON PAGE 11)

## Bruce Shepherd Is to Join the Presidents' Association

HAS BEEN ELECTED ACTUARY

Will Tender His Resignation to the New Jersey State Insurance Department

NEW YORK, June 23.—Manager George T. Wight of the Association of Life Insurance Presidents announces the appointment of Bruce E. Shepherd as actuary of that organization. The committee making the selection consisted of E. E. Rhodes, vice-president Mutual Benefit Life; F. L. Allen, vice-president and general counsel Mutual Life of New York, and Mr. Wight. To accept this position, Mr. Shepherd has resigned as actuary of the New Jersey department, an office which he has held for the last three and one-half years.

University of Chicago Graduate

Mr. Shepherd was born March 28, 1900, at Kalamazoo, Mich. He attended the schools of that city and was graduated from the Kalamazoo high school. In 1918, he entered the army service as a private at Fort Sheridan. Shortly after the conclusion of the war, he became a student at the University of Chicago, from which institution he was graduated in 1922 with the degree of Ph. B. During his college career he specialized in mathematics and economics.

Upon being graduated from college, he entered the actuarial department of the Illinois Life at Chicago. Following one and one-half years of service with that company, he went to the actuarial department of the Missouri State Life, where he remained for three years. While still with the Missouri State Life, he entered the civil service competition for the position of assistant actuary of the New Jersey department and, winning first place, was appointed to that position. After serving two years as assistant actuary, he was promoted three and one-half years ago to actuary.

For the last four years he has been a member of the examination committee of the American Institute of Actuaries, and for the last two years has been a member of the important committee on blanks of the National Convention of Insurance Commissioners. Mr. Shepherd will assume his new office about Aug. 1.

### Commissioner Herdman Ill

Lee Herdman, insurance commissioner for Nebraska, has been ordered by his physician to a hospital in Omaha, where he will probably remain for a month under observation. Mr. Herdman has been troubled with his heart for several months, and the doctors want to have opportunity to study his case.

### Commissioners Considering A. L. C. Disability Proposal

The life committee of the National Convention of Insurance Commissioners in its session at Chicago took under consideration a resolution from the executive committee of the American Life Convention to withdraw the mandatory requirement that disability be presumed to be permanent from a lapse of time. Claris Adams, vice-president American Life, Detroit, presented a forceful oral argument in behalf of the resolution, and submitted a written brief. The committee decided to study the question and bring it up at the October meeting of the National Convention in Dallas. What the A. L. C. companies want is the privilege of writing actual total and permanent disability.

## Appointed Actuary of Presidents' Association



BRUCE E. SHEPHERD

Bruce E. Shepherd, who has resigned as actuary of the New Jersey state insurance department, has been appointed actuary of the Association of Life Insurance Presidents. Mr. Shepherd has two brothers prominent in the business, one, Vice-President and Actuary C. O. Shepherd of the Missouri State Life and the other, Pearce Shepherd, assistant actuary and assistant secretary of the North American Reassurance of New York.

## Declares Land Banks Are Forcing Life Policy Loans

W. A. Mason of Macon, Ga., general agent of the Maryland Life, has had a personal experience with a bank, which goes to show that the banks are for the most part attempting to influence life insurance policyholders to take loan values and use them to meet current obligations rather than borrow from the bank. Mr. Mason recently suggested to counsel for the Federal Land Bank of Columbia, S. C., that he would place with it as additional collateral insurance contracts with sufficient loan value to secure some past due installments he had with the bank, thus affording him an opportunity to take care of his past due obligations in the fall. He has received a letter from the counsel addressed to the attorney for the bank in Hawkinsville, Ga., reading as follows:

### Unwilling to Extend Foreclosure

"Under the circumstances the bank is unwilling to take a transfer of the life insurance policies referred to in your letter and extend the foreclosure until fall. If Mr. Mason will borrow enough on the policies to take care of the entire amount of the delinquencies, including principal, interest, costs, attorney's fees and taxes, and will pay all of the delinquent items, the bank is willing to reinstate the loans. In any event it will cost Mr. Mason less to borrow on the policies than it would to assign the policies to the bank as security and obtain an extension until fall."

Mr. Mason declares that he has been reading in THE NATIONAL UNDERWRITER with some degree of skepticism the statements that banks are stimulating policy loans. He now is convinced that they are. Mr. Mason takes the position that especially with farm loan banks there should be no pressure made on policyholders like there was in his case.

## North American Life Wins Missouri Teachers' Group

INCREASE OLDER AGE RATES

Unprofitable Experience Brings Radical Rate Revision Under Five-Year Contract

Members of the Missouri State Teachers' association have been notified that the group insurance which has been carried for five years with a southern life insurance company, now is issued by the North American Life of Chicago. The change is accompanied by a rate revision, with an increase for most members, and particularly older teachers. Under the former company's group the rate per teacher was \$6 per \$1,000, regardless of age. When the five-year contract came up for renewal the company had proposed a new scale, graduated according to age, having found the business unprofitable for death and disability benefits.

### North American's Bid Low

The association's insurance committee obtained a low bid from the North American Life, said to have been 50 cents per \$1,000 less at each age. The annual premiums under the new contract will range from \$5.37 per \$1,000 for teachers 20 years old to \$204.96 per \$1,000 for a teacher 85. Other rates are: 33 years, \$6.06; 40 years, \$7.35; 55 years \$19.37 and 60 years, \$28.89. A service charge of \$1 a year for each policy is made to defray the association's expense in sending notices, keeping books, etc.

The contract with the North American Life will be renewable in 1937, subject to rate revision based on claim experience.

About one-third of the teachers in the group reside in St. Louis and the balance are scattered throughout Missouri outside of Kansas City, in which city the teachers have a separate insurance plan.

### Requirement as to Medical

Under the contract the North American will require medical examinations for all applicants seeking \$3,000 or more insurance but will accept policyholders under the old plan without medical, provided they pay the first year's premium prior to July 1. Continued membership in the association is a condition.

### Vice-President Weaver Resigns

John Weaver has resigned as vice-president of the Postal Life. He is a Chicago attorney, who represented Arthur Jordan of Indianapolis, who gained control of the Postal Life and the Postal National.

### Minnesota Federation Elects

John A. Melone, local agent of Rochester, Minn., was elected president of the Minnesota Insurance Federation at the annual meeting in St. Paul, to succeed H. H. Matteson of St. Paul. Clyde B. Helm was reelected secretary. E. W. Randall, chairman of the board of the Minnesota Mutual Life, was elected a vice-president representing life insurance interests, while L. C. McGee of St. Paul, connected with the Aetna Life, was elected representing health and accident.

### Hodes Made President

P. F. Hodes, brokerage manager of the Wells, Meissel & Peyser agency of the National Life of Vermont, has been elected president of the Life Brokerage Solicitors' Association of New York. Roe Maier of the Keffer Agency of the Aetna Life was elected first vice-president; William Holsworth of the Myrick agency of the Mutual Life of New York, second vice-president; and Jerome Seigel of the Garrison agency of the Prudential, treasurer.

## Life Men and Bankers Fear Defeat in Fight Over Bill

IS CERTAIN TO BECOME LAW

Home Loan Bank Measure Now in Senate Vigorously Opposed as Uneconomical Scheme

Passage of the home loan bank bill by the national house of representatives came as a disagreeable surprise to life men, particularly mortgage officials, who had strenuously opposed it at committee hearings. Little hope is entertained that the senate will kill the measure, as press reports indicate speedy approval of the measure there also.

Until just before the bill's passage by the house, well-informed news sources in Washington believed it would be impossible for the measure to get through in face of opposition the bankers and life companies were putting up. A week or so before, a reliable, semi-confidential Washington weekly bulletin reported that while the administration was anxious to get the bill through, it could not on account of opposition of the bankers and life companies.

### Sound Arguments Advanced

Life men and mortgage bankers advanced sound and convincing arguments showing why most of the hoped-for benefits would turn out to be just the reverse, and that the principal beneficiaries would be not home owners but building and loan associations. These would be enabled to discount at 5 percent their mortgages bearing from 6 to 13 percent interest, thus assuring themselves a handsome profit, as there is nothing in the measure that compels them to pass on to their mortgage loan borrowers the benefits of rediscounting. Of the six types of institutions which could be members of this system, the building and loan interests are the only ones which have favored its passage.

### Uneconomic Proposal

In general, life companies object to the home loan bank bill on the ground that since there is no housing shortage the construction of more houses and apartments at present depressed prices of labor and materials would be a detriment rather than a help to the present owner by unnecessarily depreciating his property and structure.

It is also contended that those who would borrow money to build would in most cases be very ill advised, since they could do much better by buying existing structures, many of which are being sold at sacrifice prices.

## Countermands Order for Statement as of June 30

Commissioner Walsh of Maryland has countermanded telegrams, which he sent out directing companies to furnish semi-annual statements in his state giving actual market prices of securities as of June 30, 1932. The countermanding order was sent by telegram.

The order for June 30 figures, it turns out, was sent by a subordinate in the Maryland department in the absence of Commissioner Walsh and without his knowledge. When the order was received, the Maryland department was besieged with telegrams and telephone calls from company executives. Mr. Walsh found what had happened and immediately directed the sending of telegrams countermanding the order.



## Duffin Strikes At the New Deal

Former President Inter-Southern Life Says Policyholders Are Losers

### EXPLAINS THE SITUATION

Declares Court of Equity Has No Right to Change Policies and Destroy Reserves

James R. Duffin, president of the Equitable Life & Casualty of Louisville, who was formerly president of the Inter-Southern Life, makes some observations on the latter company, especially in view of the printed statement that he was "ousted at the time the Rogers Caldwell interests gained control."

Mr. Duffin built the Inter-Southern Life from a small company in 1910 to over \$100,000,000 of insurance in force and over \$20,000,000 of assets in 1926. Rogers Caldwell & Co. had gotten control of the Missouri State Life. Mr. Duffin states that after borrowing money at 6 percent to make the purchase it was costing Caldwell & Co. \$840,000 a year and the dividend on the firm's part of the stock was \$1.20 a share on a par value of \$10 or a total of \$180,000, leaving Caldwell & Co. short each year \$660,000. Therefore the firm tried to get on a surer footing, thereby leading to the resignation of M. E. Singleton as president of the Missouri State.

#### Duffin Denounced Caldwell Deal

When Caldwell & Co. bought an interest in the Inter-Southern Life they began to trade securities, according to Mr. Duffin, and he opposed what was being done. However, Caldwell & Co. got control of the Inter-Southern Life and Mr. Duffin tendered his resignation, denounced Caldwell and the proposed plan that he had for the Inter-Southern. Mr. Duffin said that he predicted that the assets of the Inter-Southern Life would be depleted and that the reserve might be impaired. Mr. Duffin opposed the Inter-Southern Life buying Missouri State Life stock. However on July 8, 1930, it was done and over \$14,000,000 of Inter-Southern Life securities were traded to Caldwell & Co. for Missouri State Life stock on the basis of \$88 a share. Mr. Duffin then brought suit against Caldwell & Co. to endeavor to rescind the transaction and recover the securities for the benefit of the Inter-Southern. Mr. Duffin explains that Insurance Commissioner B. W. Allin over his signature had authorized Mr. Caldwell to take \$14,000,000 of securities from the vaults of the state at Frankfort and to substitute Missouri State Life stock.

#### Special Legislation Passed

Mr. Duffin explains that special legislation had been lobbied through the Kentucky legislature at the instance of Mr. Caldwell, which provided that only the insurance commissioner as plaintiff could bring suit to rescind an action of this nature. Mr. Allin of course did not bring the suit. Mr. Duffin contends that through this manipulation the Inter-Southern policyholders lost considerable money.

In speaking of the Inter-Southern Life at present Mr. Duffin declares that it has almost enough money to pay its debts. The only other liability that it owes is its legal reserve to policyholders.

## Surrender Values Vital Topic Before Actuaries

Surrender values was the most discussed subject at the annual convention of the American Institute of Actuaries meeting in Kansas City, Mo. An increase in surrender charges is generally regarded as desirable by actuaries, but there was a unanimity of agreement that any increase in such charges will not materially reduce surrenders at the present time.

The need of a reduction in cash values, especially in the early years of the contract, was strongly advocated.

Arthur W. Larsen, Volunteer State Life, gave a comprehensive treatment of the problems involved in the subject of surrender values.

#### Three Distinct Problems

"The subject of surrender values," he said, "involves three distinct problems: (1) the necessity for the non-persistent policyholder to bear his just proportion of acquisition costs; (2) the obligation of life insurance to fulfill its fundamental purpose—protection to the beneficiary; and (3) the strengthening of a company's cash position during a period of economic stress."

"Decreased profits at present and probably for some time to come, and low yields and temporarily unproductive investments, compel us to look elsewhere for additional surplus earnings. Surrender charges constitute one such source. The experience of the past few years amply demonstrates that we have been too liberal toward discontinuing policyholders in granting surrender values in excess of that to which they are entitled. In our company approximately 50 percent of the business terminated by surrender for its cash value during 1931 was within the first five policy years. The surrender charge on surrenders occurring during the first five policy years averages less than \$6 per \$1,000, or, on the basis of the terminal reserve, slightly in excess of 8 percent. Early terminations should be penalized to a greater extent than this."

#### Seven Years to Pay for Acquisition

"Some years ago," Mr. Larsen continued, "I made an analysis of our business in an effort to determine the cost of new business and the cost of terminations. It was found that on the average seven years elapsed before acquisition costs were fully liquidated. Although this is due in a large measure to the cost of first year terminations, I have no doubt that if we exercise to better advantage the statutory privileges which we already possess in connection with surrender charges, the above situation would be materially improved. It is a severe indictment of insurance practice that new insurance should not pay its way until it has been in force seven years."

This is being entirely wiped out, if not quite, he says by the contract lien placed on the policyholders under the court order inasmuch as the new company, the Kentucky Home Life, is being organized to take over the Inter-Southern business.

#### Assets Are Listed

Mr. Duffin gives the following assets that will be deeded to the new corporation:

Insurance in force worth about	\$ 3,000,000
Building equity	2,500,000
Missouri State Life stock	5,500,000
Other assets	1,500,000
	<b>\$12,500,000</b>

Mr. Duffin says this is more than enough to cover the legal reserve due all policyholders that have not already taken loans, which is about \$6,000,000 or more. Total reserves do not reach \$18,500,000 in his estimation. The loans

"I believe the situation in other companies of equal size is not materially different from this. For these reasons my answer is 'yes' to the question as to whether some increase in surrender charges is desirable. However, we already have a statute providing a sufficient measure of relief if we but exercise our privileges. As Wendell M. Strong has recently pointed out, the need is not so much for a larger permissible charge, but rather for a required minimum charge. There is a greater necessity today for legal restrictions on the amount of cash value allowable than on the amount of surrender charge to be made."

#### Loans Destroy Protection

"The second problem is the obligation of life insurance to fill its fundamental purpose—protection to the beneficiary. Present practice, however, in the granting of surrender values is designed rather to destroy this fundamental function than to support it. The granting of large cash values is an invitation to discontinuance. However much pride we take in the fact that tremendous cash payments were made by life insurance companies to help policyholders during the present economic crisis, we must not overlook the very important fact that in an extremely large number of such instances the death of the insured has meanwhile occurred, so that the cash surrender value, instead of having brought relief, has been productive of greater destitution among the beneficiaries, and they are in a less favorable position to bear the burden alone."

#### Cash Value Is Inducement

"Increasing the surrender charges does not yield the solution to the problem because the cash value set out in the policy is the policyholder's sole inducement to surrender. Merely increasing the surrender charge may (though I doubt it) make the sale of the policy more difficult, but certainly it will not decrease the probability of its surrender."

"As to reaching a solution by departing from our present practice of using equivalent values by having relatively smaller cash values, unless the difference between the cash values and the values of the paid-up options are of large proportions, there would not be sufficient inducement to a policyholder to accept the latter in preference to cash. Rather than accomplish our object through an exorbitant surrender charge, we have an alternative method equitable both to the insured and to the company. Were it possible to secure legislation in this respect alone, without at the same time opening wide

(CONTINUED ON PAGE 13)

on present outstanding policies when added to the \$12,500,000 makes \$18,500,000.

Mr. Duffin does not believe there is much use of putting liens on Inter-Southern policies. Mr. Duffin states, "It will ultimately be shown that a court of equity administering the receivership has no right to change the policyholder's contract and destroy his reserves. The only way this can be done in my judgment is by consent of the policyholder himself. This is the statement I made to the court and this still is my statement."

Mr. Duffin states that a great many of the difficulties involving the Inter-Southern Life can be charged to the unlimited discretion of the insurance department which enabled Commissioner Allin to be too liberal in favoring Rogers Caldwell and forgetting the policyholders.

## Some Companies Delay Payments

Demand for Surrenders and Policy Loans Keeps Up Consistently

### CONDITION IS CHRONIC

Officials of Some Institutions Are Now Invoking the Waiting Period in the Policy

For the most part life companies have not taken advantage of the provision in their policies permitting them to delay 60 or 90 days, whatever the period may be, in paying loans and surrenders. There are some old fashioned contracts still being issued which provide that loans and surrenders will only be made on the anniversary of a policy. When banks find the withdrawal of deposits is becoming heavy so far as savings accounts are concerned, advantage is taken of the provision requiring a certain number of days notice, usually 60, to be given. The life companies in spite of the fact that they have been bombarded during the last two years and a half mercilessly with policy loans and surrender demands, have met the obligations without a whimper and with great dispatch.

#### Much More Work Required

The detail work in connection with this excessive demand has increased materially. Companies had their offices geared to the normal run of loans and surrenders. When the financial crash hit the country in October, 1929, and the onslaught began, companies found that in order to get all the details completed and the papers properly effected, they would require more clerks. A number of companies put on extra help to meet the emergency which it was hoped would be temporary. Others used the same force and naturally there were delays because of the large number of transactions to be handled. It was found that the condition confronting companies was not temporary by any means. It has become chronic.

#### No Cessation Is Found

There has been little cessation of hostilities since that fateful day in 1929. Some months have been frightful in their ravages. Where companies have been subject to rumor or suspicion, they became targets for loans and surrenders far above the average of other companies. Some companies, weak in their financial structure, and resting very heavily on frozen assets, have not been able to meet their obligations and applications for surrenders and loans have been pending for months. This, however, is the case with only a very few offices.

#### Some Take Advantage of Provision

Company officials have felt that if it were possible to carry on the routine without unnecessary delay the public opinion of life insurance would be greatly enhanced. The alarming banking situation had much to do with increasing the demands on life companies. The life companies have practically become banking institutions.

As time has gone on and the wearing process has continued, some companies are taking advantage of the waiting period. This, they claim, has served to cut down the demand for loans. Many people, when they found they had to wait 60 days, withdrew their applications or did not make them if they had

(CONTINUED ON PAGE 13)



## What a Father Did for His Daughter

**WHEN** she was 25 years old he bought for her a single-premium life annuity of \$1000 a year payable \$500 semi-annually.

That was over 43 years ago. In all she has received \$43,500; and the New York Life will, of course, continue to send her a check for \$500 every six months as long as she lives.

She is almost 69 years old, a widow.—Can you think of any other gift her father could have made her that would have been so enduring, so helpful to her, so thoroughly significant of his desire to make her life financially safe?

He had protected her whether he lived or not, whether she married or not and (if she married) whether her husband should prosper or fail or leave her unprovided for in event of his death.



HOME OFFICE BUILDING

### NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE  
NEW YORK, N. Y.

#### Rollin Young Is Appointed A. L. C. Assistant Manager

SUCCEEDS WENDELL COLER

New Member of Convention Headquarters Staff Is Associate Actuary of Franklin Life

Rollin Young, associate actuary of the Franklin Life of Springfield, Ill., has been appointed assistant manager and actuary of the American Life Convention, succeeding Wendell P. Coler, who resigned last year to become actuary of the American Central Life. Mr. Young will assume his new duties Sept. 1.

Selection of Mr. Young was made by a special committee representing the executive committee of the American Life Convention, consisting of Daniel Boone, president Midland Life of Kansas City; O. J. Arnold, president Northwestern National Life, and John M. Laird, vice-president Connecticut General Life and president of the American Life Convention.

Mr. Young was born in Springfield in 1899 and was educated in that city. He started with the Franklin Life 11 years ago and was connected exclusively with the actuarial department until about four years ago. In recent years his work has included other departments. He is a member of the office methods committee and has devoted attention to agency work. He is a fellow of the American Institute of Actuaries and an associate of the Actuarial Society of America. For two years he served on the examination committee of the American Institute of Actuaries.

#### Burke With Heifetz

Vincent Burke, manager Fidelity Mutual in Chicago, who resigned recently, has gone with the Samuel Heifetz agency of the Mutual of New York in Chicago as an agent. He formerly was connected with the A. E. Patterson agency of the Penn Mutual there.

#### Pilot Life Appointments

The Pilot Life of Greensboro, N. C., announces new general agent appointments as follows: R. G. Rhett, Jr., Charleston S. C.; F. A. Cribbs, Conway, S. C.; J. W. MacDowell, Gaffney, S. C.

#### Takes A. L. C. Post



ROLLIN YOUNG

Rollin Young, associate actuary of the Franklin Life of Illinois, has been appointed assistant manager and actuary of the American Life Convention. He succeeds W. P. Coler, who resigned last year to join the American Central Life.

#### Trust Officer Sounds Note of Solemn Warning to Field

DEPRECATES PRESENT ATTACK

Declares That Life Insurance Salesmen Have Precipitated Runs on Some of the Companies

W. A. Stark, assistant trust officer of the Fifth-Third Union Trust Company of Cincinnati, spoke before a group of life insurance men, especially those interested in trust company service. Mr. Stark took the position that agents and trust men have been cooperating and he gave it as his opinion that there had been an even break as to advantages. Of late he asserted the trust men have been getting the worst of it. He said that the continuance of the business depression has brought about a desire on the part of most people for an iron bound contract which is payable in dollars on dates set. Therefore life men have been taking advantage of this situation and they have a right to do so.

#### Start "Runs" on Companies

He said that life insurance next to government bonds is the most stable and liquid investment. In fact on the surface, he said, life insurance has shown less depreciation than government bonds. Mr. Stark said he meant by the phrase "on the surface," conditions as they have been and not what insurance people are hastening to make them. He said that unfortunately men in the field in casting aspersions at competitors have in a mild way started "runs" on certain companies which are fundamentally sound and which will in his opinion, regardless of these conditions, pay all their contractual obligations. He said that few if any companies have gone unscathed through the present crisis.

Mr. Stark graphically expressed himself as follows: "We are all sitting, so to speak, on an open keg of gun powder and it is damned dangerous to be shooting off Roman candles while we are in that position." He said that anything which an agent says against any life company will reflect on all companies. He said, "If by chance as a result of this sort of competition any one of the larger companies should be forced into receivership it would indeed be a disaster for all of you." Mr. Stark said that if in the last two years banks had used the mud slinging tactics now being used in life insurance selling there would be no banks today.

He said, "Remember that your legal reserve companies are sound. They have been through depressions and their ultimate losses will be negligible unless accentuated by malicious rumor. It behooves you to sustain and uphold the institution of life insurance rather than the interest of any particular company."

#### Receiver for Northern States

Attorney-General Ogden has filed a petition for a receiver for the Northern States Life with Judge Greenwald in Gary, Ind. The hearing is set for Friday. The Northern States Life is one of the Dorsey companies controlled by the defunct Security Life of Chicago, which also owns 1,500,000 shares of the Inter-Southern Life, also in receivership.

The Northern States had \$37,000,000 insurance in force, \$8,000,000 assets, and \$200,000 capital.

#### Test Creditor's Position

MADISON, WIS., June 23.—Whether a person becoming bankrupt can be forced to surrender his life insurance so that its cashable value can be taken for the benefit of creditors is a question involved in a case now before the supreme court. The decision will affect many bankruptcy cases about the state.

# Hanson Seeking to Quash Chicago National Deal

**Illinois Superintendent Wants Receiver Named Through Regular Channel**

SPRINGFIELD, ILL., June 23.—Superintendent Hanson of Illinois has requested the attorney general to institute proceedings against the Chicago National Life in accordance with the provisions of the act in relation to delinquent insurance companies.

The department bases its request for prompt action on the ground that the company has admitted its insolvency in receivership proceedings, through which the Pacific States Life could get the Chicago National business with liens attached.

## What Department Contends

The department contends that, under the provisions of section 2 of the liquidation act, the recent court proceeding makes it mandatory that proceedings should be brought in the name of the people for the appointment of a receiver and that any receivership action taken otherwise should be set aside.

Pending definite advice from the attorney general's office, Superintendent Hanson declined to make comment, but it may be authoritatively stated that the department is disposed to regard the recent action in Cook county as being at variance with the provisions of the liquidation act and to look askance not only at that proceeding, but also on the proposed merger with the Pacific States Life.

## History of Case Reviewed

Additional details are now available concerning the reinsurance of the Chicago National Life in the Pacific States. The Pacific States evidently sought to protect its loan of some \$30,000 that was made to A. L. Whitmer, chairman of the board of the Chicago National. An effort has been made in the past to close the deal but complications arose to prevent completion. The Chicago National Life made application to the Reconstruction Finance Corporation for a loan and its application is still in. The loan to the Chicago National was made some years ago and its stock was evidently put up with the Pacific States as collateral.

## Deposits in Two States

The Chicago National has a state deposit of \$160,000 in Illinois and \$275,000 in Indiana. The latter is due to reinsurance of the Gary National Life, the Indiana law requiring a state deposit equal to the policy reserve. The Chicago National has been through one amalgamation where a state deposit was released through receivership. It took over the Public Life of Chicago, which was in receivership in the United States court. In that case Judge Carpenter vigilantly saw to it that the entire deposit was used to pay claimants. The Chicago National got its present home office property at 1400 West Washington boulevard in Chicago at a price of \$240,000. The Chicago National has \$25,000,000 in force. If this be given a value of \$15 per thousand it would appear to be worth \$375,000 as an invisible equity.

## Vernon Still in Chicago

President W. L. Vernon of the Pacific States Life is still in Chicago and has been in the city for some weeks looking after the deal. He has not announced his plans for establishing a branch office in the city or advancing the cause of the Pacific States in Chicago.

The decree entered by Judge Lindsay

did not dissolve the trust funds deposited with the Illinois or with any other insurance department. The dissolution of these trusts is asked in the petition but not included in the decree.

Court proceedings of course were necessary in order to put liens on the Chicago National policies, and to stall off judgment and other creditors. Two insurance companies cannot by private agreement take away the values promised the policyholders.

## What Decree Provides

The decree of the superior court, besides reciting the findings of the court and setting out the contract in full, makes the following orders:

(a) Chicago National and Pacific States required within one day to have the contract executed.

(b) Director Leo H. Lowe of the department of trade and commerce of Illinois ordered to approve the contract within three days after a certified copy of the decree is served upon him, and to record the same in his office.

(c) James M. Crume appointed receiver and directed to enter into the contract as receiver of Chicago National Life.

(d) Receiver immediately upon execution of the contract shall forthwith deliver to the Pacific States Life any and all property of every nature whatsoever received by him in his capacity as receiver, and to execute all necessary documents.

## Crume's Power Limited

(e) Crume's power as receiver limited to the order in (d), but the court reserves jurisdiction for the purpose of making such orders as may be necessary with reference to the securities on deposit with the Illinois department and the Indiana department.

(f) Court reserves jurisdiction for the purpose of appointing a permanent receiver to wind up the company.

(g) Court retains jurisdiction for the purpose of hearing and determining intervening petitions, "provided however, that no modification shall be made in this decree upon any motion or petition presented after term time." The decree was entered June 3 and the term ended June 4. Whispers of the action only began to circulate the following week.

(h) Court retains jurisdiction for the purpose of enjoining any action at law which may now be pending, or hereafter be filed against the Chicago National, and for the purpose of enjoining the collection of judgments, etc.

(i) That the reservation of jurisdiction herein above set forth in clause (e) shall extend to such orders as may from time to time be entered affecting securities which may be on hand at the present time with defendant Lowe as director of the department of trade and commerce, and the custody of which may come into the hands of any successor or successors in office.

## Reinsurance Contract

The reinsurance contract is interesting. It is lengthy and divided into nine articles, which may be summarized briefly.

Article I, Section 1. Chicago National assigns to Pacific States "all of its insurance business together with the right to collect and receive from the policyholders all premiums, notes, loans, interests, etc., which may now or hereafter be or become due by virtue of any contract of insurance," together with all its assets of every kind and character, by whomsoever held."

Section 2. Surrender of offices and documents, books, papers, correspondence, etc.

Section 3. Chicago National further agrees upon the reinsurance becoming effective it will immediately cease and continuously refrain from engaging in the life insurance business, it being understood that its corporate existence is to be discontinued.

Article II, Section 1. In consideration of the grant, conveyance and transfers above set forth Pacific States does thereby:

(CONTINUED ON PAGE 12)

from  
6 to 600 Millions  
Business-in-force  
in 35 Years

**SECURING** a charter and appointing Agents do not of themselves assure a successful issue to the founding of a life insurance company.

The seeds of success for The Great-West Life lay in the certainty of its founders that location in the last, great, growing West, and consequent earning power, would enable the company to secure exceptionally favorable results for those who entrusted their premiums to its care.

Time justified their faith. Operations began in 1892. Five years were taken in achieving the first six millions of business in force. Today, with an international organization, operating in five States of the Union, the company has over \$600,000,000 of business-in-force sheltering the homes of this continent.

Factors of earning power still operate in the Company's favor, supported by sound management and good service to agents and policyholders.

**THE GREAT-WEST LIFE**  
**ASSURANCE COMPANY**  
HEAD OFFICE ... WINNIPEG  
CANADA



## A Complete Field System

### 1. FOR THE PUBLIC

—low non-par rates, complete line of policies including Juvenile and sub-standard, Double Indemnity and Total Disability.

### 2. FOR GENERAL AGENTS

—liberal contracts backed by complete information, materials and assistance in Agency building.

### 3. FOR AGENTS

—liberal contracts plus everything needed for field success: A condensed training plan, a fool-proof Sales Kit; Agency Meetings, individual counsel and assistance.

**SUCCESSFUL** men looking for a **PERMANENT** agency connection in Ohio, Michigan, Illinois or Indiana are invited to communicate with **Frank M. Hayes, Vice-President and Agency Director.**

**THE FEDERAL RESERVE**  
Life Insurance Company  
Kansas City, Kansas

### New Federal Estate Tax Presented in Tabulation

Nation-wide interest in the new federal estate and gift taxes caused THE NATIONAL UNDERWRITER to prepare a tabulation showing the new taxes on estates of various sizes. Due to the change eliminating credit for state tax as applied to federal tax, the Illinois inheritance taxes are used for illustration in order to present a picture of total taxes now to be levied.

The tabulation was prepared by Marc A. Law, Chicago general agent National Life of Vermont, nationally known tax authority, and checked with several authorities; including a tax service and a bank. However some disagreement over interpretation of the law has appeared, and until the Internal Revenue Bureau issues explanatory rulings the figures must be considered as unofficial. The table is:

Illustration of Tax			
Net Estate	Illinois Inheritance Tax	Federal Estate Tax	Total Illinois and Federal
\$50,000	\$1,000	\$1,500	\$2,500
100,000	3,000	5,000	8,000
200,000	8,000	14,000	22,000
300,000	16,000	25,000	41,000
400,000	26,000	36,000	62,000
500,000	36,000	49,000	85,000
600,000	50,000	62,000	112,000
700,000	64,000	77,000	141,000
800,000	78,000	92,000	170,000
900,000	92,000	109,000	201,000
1,000,000	106,000	126,000	232,000
1,500,000	176,000	221,000	397,000
2,000,000	246,000	326,000	572,000
2,500,000	316,000	441,000	757,000
3,000,000	386,000	566,000	952,000
4,000,000	526,000	846,000	1,372,000
5,000,000	666,000	1,166,000	1,832,000
6,000,000	806,000	1,516,000	2,322,000
7,000,000	946,000	1,886,000	2,832,000
8,000,000	1,086,000	2,376,000	3,362,000
9,000,000	1,126,000	2,686,000	3,812,000
10,000,000	1,366,000	3,116,000	4,482,000
15,000,000	2,066,000	5,366,000	7,432,000
25,000,000	3,466,000	9,866,000	13,332,000
50,000,000	6,966,000	21,216,000	28,182,000
100,000,000	13,966,000	43,616,000	57,582,000

#### Explanation of Technicalities

The federal estate tax act of 1932, Sec. 401 (a), reads as follows: "(a) In addition to the estate tax imposed by Sec. 301 (a) of the Revenue Act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or non-resident of the United States, a tax equal to the excess of— (1) the amount of a tentative tax computed under sub-section (b) of this section, over (2) the amount of the tax imposed by section 301 (a) of the Revenue Act of 1926, computed without regard to the provisions of this title."

It is understood that if the above calculation is made the net result is the amount of federal estate tax shown under subsection (b) of Section 401, Act of 1932. These rates are given in the above table.

#### Basis of Illinois Tax

The Illinois tax, as stated in this schedule, applies only to beneficiaries in class A, such as father, mother, lineal ancestors, husband, wife or widow of son, husband of daughter, lineal decedent of the decedent, or decedent of adopted or mutually accepted child; or property left to relative further removed, or to strangers, the rates are higher.

The Illinois tax is figured separately on each beneficiary's share, thus if there are several beneficiaries of the estate, the tax would be less than shown above. The amount shown above is the amount payable if the entire estate is left to a single beneficiary.

Under the 1932 federal estate tax, the exemption of \$100,000 as provided in the 1926 act is cut to \$50,000. Under the Illinois inheritance tax, each beneficiary of the class mentioned above is allowed an exemption of \$20,000. The amount of federal estate tax can also be deducted from the gross estate in figuring the net estate liable to Illinois inheritance tax.

In addition to the new Federal estate tax, there is a new gift tax with rates

### Great Value of Policies Is Seen in the Failure of Utility

**CASHING OUT \$2,436,000 LINE**

**Chicago Receiver for Middle West Utilities Co. Ordered by Court to Surrender Insulls' Insurance**

Sale of business and corporation insurance received a strong boost this week when a Chicago court ordered cancellation by receivers of the Middle West Utilities Co., billion-dollar holding company of the Insull interests, of life policies in some four or five companies totaling \$2,436,000, in order to obtain the cash value to apportion to creditors.

Executives connected with the mammoth public utilities fleet were firm this week in their support of life insurance as one of the finest investments a corporation could make, since in the case of the Middle West, as has proved with other corporations and thousands of individual policyholders, the policies now, after nearly three years of depression and chaos in securities and real estate, are par.

#### Cash Value Is Large

It is significant in the rise of the Insull fortunes that life insurance played a large part. Some 50 or 60 other associated public utilities also carry a large amount of life insurance on the lives of their respective officers, the amount being estimated this week at many millions. It is not, however, involved in the failure of the Middle West.

The largest individual policy canceled is \$750,000 on the life of Martin J. Insull. Another for \$495,368 is on the life of Samuel Insull. The cash surrender value has not been made known, but it will be large due to the fact that several of Samuel Insull's policies were old. Twelve policies are involved in the court order. Three others later will be canceled, it is said.

Some 60 percent of the total, or approximately \$1,400,000, is said to be in one Canadian company. Most of this insurance, however, is only four or five years old, so has comparatively small value.

### No Report Is Yet Made on Revised Suicide Clause

THE NATIONAL UNDERWRITER was incorrect in stating that the special committee appointed by the Association of Life Insurance Presidents to study the suicide clause and make recommendation as to possible revision had reached an agreement. The subject has only been informally discussed by individual members with others in the business. The chairman of the committee states that he has not had any meeting of the committee. The members are simply making a personal investigation and it will probably be some months before a meeting will be held. The committee desires to move slowly and consider the question from all angles.

running about three-quarters of the estate tax rates—from 1½ percent on \$10,000 to 3¾ percent on all over \$10,000,000.

For the purpose of determining the gift tax bracket into which a gift falls, the gifts made by each person are cumulative from year to year. Thus, one cannot avoid the higher bracket by spreading the gifts out over a period of years.

This tax supports the estate tax because the estate tax could be circumvented with gifts before death, if gifts were not taxable.

E. W. Weaver, former cashier of the Pan-American Life of Chicago, has been appointed relief cashier and at present is in charge of the Dallas office while the cashier is on his vacation.



## Results of May Survey Showing Who Are Buying

The Lincoln National Life has released the results of a study made during May, showing the buyers of \$10,000 policies and over. A rather amusing thing is the fact that agents for the first time in a number of months are found at the head of the list. One is almost tempted to say that at last the agents are realizing the true value of what they are selling, and showing the way for the public to follow.

People engaged in merchandising and professional men continue to be a source of good prospects for the larger policies. Officials of banks and officers of corporations are next in line. Other occupations found to be desirable as a source of prospects are as follows: Army aviators, building contractors, salaried office workers, owners of printing, publishing, and engraving companies, traveling salesmen, manager of laundries, hotels and restaurants.

## Bids for Security Life Are Invited by Federal Judge

Several proposals to reinsure all of the business of the defunct Security Life of Chicago made in more or less definite form are being considered by J. A. Massen, the receiver, and this week Federal Judge W. C. Lindley issued an order inviting any individuals or corporations to file written bids on or before July 5, if they desire to make an offer.

One copy each must be filed with Mr. Massen and the court clerk, and the latter will impound the bids for consideration and further order. The order directs publication of the notice. It is taken as indicating that a definite proposal is being considered which may soon be accepted unless a better one is received by July 5.

## Fund Short \$37,000

LANSING, MICH., June 23.—An investigation of the Michigan state teachers' retirement fund, precipitated by the admission of Mrs. Georgiana Kniesley, its former secretary, that she was short in her accounts, has revealed a shortage of at least \$37,000.

Insurance men have shown great interest in the case because of its revelation as to the lax manner in which such paternalistic insurance funds, sponsored by the government but with no actual governmental backing, are conducted.

## Stock Quotations

Bacon, Whipple & Co. of Chicago give the following stock quotations for life insurance companies:

	Par	Bid	Asked
Abr. Lincoln .....	20	..	28
Aetna Life .....	10	12	14
American Life .....	50	150	175
Central Life of Ill. ..	20	22	26
Central States .....	5	4 1/2	5 1/2
Col. Natl. ....	100	100	115
Conn. General .....	10	27	29
Continental, Ill. ....	10	14 1/2	16 1/2
Continental Cas. ....	5	5 1/2	6 1/2
Federal Life .....	10	9	11
Great Northern .....	50	100	115
Kansas City .....	100	400	500
Life of Virginia .....	20	60	70
Lincoln Natl. ....	10	29	32
Michigan Life .....	50	22	25
Missouri State .....	10	3 1/2	4 1/2
New World .....	10	8	10
North Amer., Ill. ....	5	7	8
Northwestern Natl. ..	5	9	11
Ohio National .....	10	20	22
Old Line Life .....	10	9	11
Pacific Mutual .....	10	27	28
Peoria Life .....	10	24	30
Philadelphia Life .....	10	1	4
Sun Life .....	100	130	150
Travelers .....	100	275	285
Union Central .....	20	22	25
Wisconsin Natl. ....	10	15	18

All books used for Chartered Life Underwriter degree sold by The National Underwriter.

## Dr. Sykes Connects with Life Extension Institute



DR. L. G. SYKES

Dr. L. G. Sykes, medical director of the Connecticut General Life, has resigned and will become medical director of the Life Extension Institute of New York, succeeding the late Dr. E. L. Fisk. Dr. Sykes has just retired as chairman of the Medical Section of the American Life Convention. He is a native of Milwaukee and took his medical degree from the University of Illinois. He practiced medicine at Milwaukee and became assistant medical director of the Northwestern Mutual Life, serving for 12 years. He was made medical director of the Connecticut General Life, May 1, 1924. He was second vice-president of the Association of Life Insurance Medical Directors in 1930 and is now first vice-president.

## Fight Murray Tax Measure

Insurance Men Represented on Committee of 40 Formed to Oppose Initiated Bill

OKLAHOMA CITY, June 23.—An organization committee of 40, representing the leading industries of the state has been formed to direct the opposition of Governor Murray's latest initiated income tax measure, expected to be submitted at the runoff primary election, July 26, or the November election.

J. H. Carlock, Ardmore, former state senator, is chairman of the general committee, with Ancel Earp, Oklahoma City insurance man, secretary. John D. Hill, Tulsa, Aetna Life; Joe Morse, Home State Life, Oklahoma City, also are active in opposition to the measure.

It is claimed the bill, should it become a law, would place insurance companies under a severe handicap. Especially would this apply to life companies which have large sums invested in mortgages and other securities in the state.

## Sail for San Francisco

A. L. Dern, manager of agencies for the Lincoln National Life, accompanied by his wife and two sons, sailed from New York for San Francisco via the Panama canal. They plan to spend some time on the west coast before returning to Fort Wayne.

## Vilmoare Backs Reed

Ed S. Vilmoare, vice-president of the Kansas City Life, hit the photograph pages of Chicago's daily papers this week as he is in charge of the presidential campaign of former Senator James A. Reed of his state. Mr. Vilmoare was pictured as hanging up a large picture of Senator Reed in his campaign headquarters.



# ... BEST BY EVERY TEST

Best's 1932 Life Rating Chart again gives The Midland Mutual Life Insurance Company an "A" (Excellent) rating.

Midland Mutual representatives feel justly proud of their company not only because of its strong financial condition but also because it offers liberal contracts at low cost and has an unexcelled reputation for service to its policy holders and agents.

Glance at the financial statement of this company. Study its performances and you will see why it is possible for you to grow and prosper with the Midland.

THE AGENCY  
DEPARTMENT

# THE MIDLAND MUTUAL LIFE INSURANCE COMPANY

COLUMBUS, OHIO

## ACTUARIES DIVIDED ON INVESTMENT POLICIES

(CONTINUED FROM PAGE 3)

policies, this demand being ten times as great in 1932 as it was during the same period in 1930.

A test conducted by the Metropolitan revealed that this increase came largely from sections of the country where there had been a large number of bank failures. But this increased demand, Mr. Bassford thinks, is a good sign, for it has meant to the Metropolitan the sale of more life insurance to investment policyholders than ever before, and the sale of more investment insurance to life insurance policyholders. There is little harm in writing this type of policy, for, when the demand comes with the upturn, companies will be in a better position to meet it.

So far as surrendering cash values under group annuity contracts is concerned, the only way to prevent harming the cash position of the company is to include in the contract such agreements as will prevent the employer securing full surrender values at any one specified time. Because the amount involved in such cases often is so great, Mr. Bassford suggested the spreading of the repayment of these, when demanded, over a period.

### Designed for Small Investor

The Minnesota Mutual, according to President Thomas A. Phillips, has issued a few single premium investment policies, but they were designed for the small investor, and for this reason, were made purchasable over a period of, say, ten months, only in nominal amounts. Every method was used to keep such policies from the man who is looking for an investment that will stop his losses in other securities, and who, naturally, will return to the higher interest fields with the upturn.

"The older I grow," Henry Moir, president United States Life, said, "the

more I believe that when an intelligent option is offered it is going to be used."

Annuities on policyholders at age 65 and over, Mr. Moir continued, will demonstrate the true annuitant mortality. Life insurance mortality has not improved much in 50 years but annuity experience has, which is evidence that intelligent selection is being used in selecting risks for the latter type of policy.

### Forethought Is Needed

There is a very definite and great need for foresight on this type of policy, however. On the \$1,000 annuity, the life company should accumulate \$1,100, Mr. Moir asserted, if ten-year-certain and annuity-for-life is offered. A good deal of sound business can result from single premium policies, he said, against which there are loans where the interest on the loan can be deducted from income taxes.

From the actuarial viewpoint, Mr. Moir pointed out, premium deposits belong to the group and not to the individual; from the legislative and public viewpoint it belongs to the individual. This is unfortunate.

Henry R. Corbett, consulting actuary, Chicago, looks for a considerable increase in individual policies among workmen and laborers. In view of the American policy of individuality, this trend needs encouragement. Terminal salary arrangements should be extended, Mr. Corbett believes, because many employers not open to conviction on other annuity forms might be open to conviction on these. Old age retirement cannot be, he added, stressed too much.

It cannot be said, J. Charles Rietz, Midland Mutual Life, pointed out, that the recent increase in the issue of retirement annuities is due rather to a

desire for safe investment than to an appreciation of the desirability of the annuity in old age, or the contrary. The answer is a mixture of both. Customers of other businesses, such as building and loan associations, have the same dual object when they make deposits with such firms; that is, the dual object of safe investment and something for old age.

If companies allow liberal cash values, Mr. Rietz suggested, they cannot expect them not to be taken advantage of.

Annuities strengthen the cash assets of the life company, Mr. Rietz said, and purchasers of such forms of policies will not, he thinks, surrender them immediately upon the upturn; for most people have had a very bitter lesson, and many will profit by it to leave their money in annuity contracts.

In the older ages, under annuity forms, the selection naturally will tend to be against the companies. What companies should do, and what they have every opportunity of doing, is to build up contingency reserves to meet this adverse selection.

Mr. Rietz spoke a word for the agent when he pointed out that he doubted the wisdom of a company's being too choicy about what it gives the agent to sell. The agent is suffering today and should be given what he can make a living on, particularly if "we have every right to believe that we can at least break even."

Naturally a company would have few problems if it could take only the insurance it wanted to take but agents must be able to make money. Single premium policies help the company's cash position, without, Mr. Rietz believes, running the danger of seriously increasing cash demands. Cash demands will come only when confidence is restored and times are much better. Then the company's position will be such that it can meet the demands.

One of the reasons for the increase in sale of annuities is the annual pre-

mium deferred annuity, according to William O. Morris, North American Life, Chicago. Most of these are computed on an interest basis of 4 percent. The difference between life insurance computed at 3½ percent and annual premium deferred annuity computed at 4 percent is inconsistent and unfair, Mr. Morris asserted.

But, Morris F. Lipcovitz of the Equitable of New York replied, while annual premium deferred annuities are figured on a 4 percent basis, out of this 4 percent a contingency reserve is set up.

Summarizing the discussions, President James F. Little, Prudential, said: "If we could be sure that when surrenders increase the companies will be better able to meet such an increase, we could confidently go ahead on the idea that the sale of annuities will give companies the cash they need now. In other words, if applicants lend us their money now, we will give it back when we are better able to do so. I am not so sure this will be so, but there is some sound argument behind the idea that it will be."

### Should Safeguard Against Demand

Cash demands in the case of group annuities, Mr. Little continued, where large amounts are involved, should include some agreement as to the repayment of part of it each year with interest on the remainder, thus preventing a too-heavy, sudden withdrawal of cash.

Mr. Little suggested that with the advances being made by medical science in the treatment of such things as cancer and diabetes, in the future actuaries can look for an increased loss on annuities, since they will probably mean the extension of life. Actuaries should be prepared for a substantial fall in the mortality rate in future years, Mr. Little believes.

The settlement options based upon the American table, which the companies did not think would be and which

## AGAIN RATED "EXCELLENT"

Of the 321 Life Insurance Companies rated by Best's—118 were listed as "A"—(Excellent) as result of 1931 activities. Just 35%. The B. M. A. is one of the five youngest companies to receive the "A" rating.

Buffalo Mutual (N. Y.).....	4	1,181,371	2	32	..	3	11	13	3	118,089	934,431	2.96	n199	n289	n416	1937
Builders (Ill.).....	4	188,817	66	10	..	4	17	20	1	9,168	45,900	4.96	n209	n292	n423	1933
Business Men's (Mo.).....	12	8,651,637	42	23	..	6	17	4	2	607,411	4,466,779	4.08	n209	n292	n423	A
Calif. Western States (Cal.)..	22	44,518,783	35	19	1	26	12	2	1	1,750,000	1,606,432	4.48	n199	n274	n424	A
Canada (Ont.).....	85	204,394,009	28	38	8	18	6	..	..	1,000,000	3,136,787	4.68	n212	n292	n413	A

The B. M. A. has only been in the Life field since 1920. It is gratifying to be included in the group of 35% of the leading life companies receiving this highest rating "Excellent." We attribute this success to:

EFFICIENT MANAGEMENT

GUARANTEED LOW COST PLAN

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(Life—Accident—Health)

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Kansas City, Missouri

W. T. Grant, President



haven't been used, may come home, sometime, to roost, and cost the companies plenty, Mr. Little warned.

Ninety percent of the reason for group annuities may be, Mr. Little concluded, to secure the investment brains of the life insurance company. But if group annuities perform a desirable service to the community, and if they can be sold without harm to the life company's primary function, they are a good thing.

## Program for San Francisco Ready

(CONTINUED FROM PAGE 3)

Echo from the "Million Dollar Round Table."

"Prospecting," by Frank M. See, general agent Union Central Life, St. Louis.

"Show 'Em and Sell 'Em," sales demonstration, by Hugh S. Bell, general agent Equitable Life of Iowa, Seattle, and Charles J. Frisbie, agent New England Mutual Life, Seattle.

"Looking Ahead," by Paul Shoup, president Southern Pacific Company, San Francisco.

"The Growing Need of Life Insurance in Estate Administration," by Louis H. Roseberry, vice-president Security-First National Bank of Los Angeles.

"Business Insurance," by Walter M. Gastil, sales manager Pacific Mutual Life, Los Angeles.

"The Gospel of Security," by Rabbi Dr. Irving F. Reichert of the Congregation Emanu-El, San Francisco.

1 p. m.—Dutch luncheon of trust officers and life underwriters especially interested in the movement of cooperation.

### Afternoon Session

Chairman, Paul F. Clark of the board of trustees.

Echo from the "Million Dollar Round Table."

"Conservation and Renewal of Business," by Will H. White, agent Jefferson Standard Life, Sanford, N. C.

"Breaking Down Sales Resistance," by Horace Mecklem, general agent New England Mutual Life, Portland, Ore.

"Underwriting Problems as They Affect the Man in the Field," by Dr. Henry Wireman Cook, vice-president and medical director, Northwestern National Life.

"The Value of High Standards in Field Work," by Sterling W. Sill, agent New York Life, Layton, Utah.

"Work and Courage," by John A. Stevenson, vice-president Penn Mutual Life, Philadelphia.

Report of the Resolutions Committee. Adjournment.

Reception and dance in honor of President and Mrs. Storer.

### Thursday, Aug. 18

The whole of this day is devoted to entertainment and recreation as guests of the members of the San Francisco and East Bay Associations.

6:30 p. m.—Dutch dinner, National Chapter Chartered Life Underwriters, followed by the annual meeting of the chapter.

8:30 p. m.—Conferment of diplomas of the American College of Life Underwriters, followed by a program of addresses and discussions on furthering the C. L. U. program.

### Friday, Aug. 19, Morning Session

Chairman, Carroll C. Day, general agent Pacific Mutual Life, Oklahoma City.

Report of the nominating committee and election of officers.

An echo from the "Million Dollar Round Table."

"The American College of Life Underwriters."

"The Past and Present of the American College," by Ernest J. Clark, president American College of Life Underwriters.

"Elevation of Life Insurance Educationally with the Public," by Dr. S. S. Huebner, dean of the American College of Life Underwriters.

"Seeing the People," by Lou K. Newfield, agent Penn Mutual Life, Marysville, Cal.

"Our Business and a Changing World," by Henry E. North, third vice-president Metropolitan Life.

"The Annuity Safeguarding Nation and Individual," by Dr. David Prescott Barrows, University of California.

### Afternoon Session

Chairman, Theodore M. Riehle, chairman national convention program committee.

Echo from the "Million Dollar Round Table."

Address by James Rolph, Jr., governor of California.

"Building a Clientele That Will Stay Put, by Programming Life Insurance for Needs and Selling With Sentiment," by James M. Keplar, agent Bankers Life, Elkhart, Ind.

"Getting Back Onto Main Street," by Roger B. Hull, managing director and general counsel National Association of Life Underwriters.

"Independence, Other Than Financial, Through Life Insurance and Annuities," by Frank L. Jones, vice-president Equitable Life of New York.

## Great Interest in Chicago Meeting

(CONTINUED FROM PAGE 3)

Life Insurance Presidents, was on hand and received congratulations of his friends.

### Mortensen Gives Views

Commissioner Mortenson of Wisconsin, who is much interested in the valuation question took the position that so far as his department is concerned, values must be based on Dec. 31 figures, when annual statements are filed with the department. He said that in no other way can his department get a complete picture of what the finances of an insurance company are.

Commissioner Boney of New Hampshire arrived Sunday to look over the ground. Commissioner Dunham of Connecticut was an early comer and got in some golf before Wednesday. There was a large delegation of mutual casualty and fire officials headed by Manager A. V. Gruhn of the American Mutual Alliance. J. V. Barry, vice-president of the Life Extension Institute, appeared for the first time at a commissioners' meeting in that capacity. His successor in the Metropolitan Life, C. G. Taylor, Jr., was on hand. The commissioners during their stay arranged for the program for the annual meeting.

R. A. Algire, National Surety; J. J. Iago, Fidelity & Deposit, and F. S. Garrison, Travelers, appeared before the commissioners Wednesday and asked for a hearing on the question of overlapping of casualty and marine coverages. It was indicated that the matter would be taken up Thursday.

### Blanks Committee Reports

At the Wednesday morning meeting of the executive committee Actuary Robertson of the Ohio department reported for the blanks committee, announcing some changes. He said that in the fire and casualty blanks if the amortization plan were used in valuing bonds, an amendment would have to be made to the blank. The amortization plan is prohibited in Massachusetts and perhaps a few other states for fire and casualty. Chairman Boney requested that members suggest topics to be discussed at the annual meeting.

Following the meeting Superintendent Van Schaick of New York called a meeting of the valuations committee. Secretary J. G. Read of Oklahoma announced that the committee on examinations would meet. Superintendent Hanson of Illinois called a meeting of the fire insurance committee and Commissioner Tarver of Texas, a meeting of the life committee. The compensation committee will meet Thursday. There will be a meeting of the convention proper Thursday morning.

### Col. Briscoe Hindman Dies

Col. Briscoe Hindman, 70, formerly in insurance at Louisville and Nashville, graduate of the United States Military Academy and former national president of the United Sons of Confederate Veterans, died June 17 in Chicago. He was superintendent of the Helena, Ark. public schools before entering the insurance business.

# Compare These Participating Rates!

A Few of Our Participating Policies with Rates per \$1,000 at Age 35.

Endowment at Age 85.....	\$21.81
Economic Protector (Low Cost Whole Life).....	15.32
The Pure Protector (Low Cost Whole Life with Adjustable Options).....	16.58
Preferred Modified Whole Life....	19.70
Family Income, 20 Year Plan....	27.31
Endowment at Age 65.....	28.58
Retirement Income at Age 60....	43.03
Retirement Income at Age 65....	32.70
Twenty Year Endowment.....	42.76
Twenty Payment Life.....	30.04
Thirty Payment Life.....	24.30
Paid Up at Age 60.....	26.44
Yearly Renewable Term.....	9.68

Also Attractive Annuities and Juvenile Policies

A Real Opportunity in Twenty-Six States for Live Men with an Aggressive Organization

Write F. A. Hicks, Superintendent of Agents, for Details of Our Liberal Agency Contracts

# GUARANTEE MUTUAL LIFE COMPANY

A Mutual Legal Reserve Life Insurance Company

Omaha, Nebr.

ORGANIZED 1901



# The Road Ahead

The success ahead of a life insurance salesman depends upon five definite things—

1. Himself
2. His field
3. His policy contracts
4. His contract
5. His company

All of these are equally important. If all are good, success can be predetermined.

To the man who possesses the right qualifications, we will supply the other requisites of the right field, the right policies, the right contract, with the right Company.



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## AMERICAN NATIONAL INSURANCE COMPANY

HOME OFFICE:  
GALVESTON, TEXAS

Insurance in Force \$542,054,101.00

Assets \$47,681,787.50

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ORDINARY—INDUSTRIAL

We Have Openings for Live Men in

California	Kansas	Minnesota	South Carolina	Virginia
Colorado	Kentucky	Missouri	Tennessee	West Virginia
Georgia	Michigan	North Carolina	Texas	Washington

Liberal First Year and Renewal Commissions  
Up to Date Policies—Non Medical—Special Low Premium Plans

If Interested Address

AMERICAN NATIONAL INSURANCE CO.  
GALVESTON, TEXAS

## Hanson Seeking to Quash Deal for Chicago National

(CONTINUED FROM PAGE 7)

Section 2. Assume and reinsure all life and annuity contracts of the Chicago National, subject to the exemptions, modifications and limitations as therein-after provided.

Section 3. Business to be carried on and administered in good faith; assets not to be sold or disposed of without the approval of the Illinois department; "and neither shall the said Pacific States be forced or bound by anyone to sell said assets for the purpose of liquidating any of the liabilities assumed hereby to satisfy such liability."

Section 4. Assumes other legal contractual obligations of the Chicago National except contracts with agents and supervisors, and excepting assessments on bank stocks.

Section 5. Assumes renewal commissions on business already written, "said Pacific States expressly reserving unto itself the discretion as to paying the said renewal commissions or continuing contracts of agents after the effective date hereof."

### No Liability for Torts

Section 6. No liability assumed for torts.

Section 7. "It is further specifically understood that liabilities of all kind and character which are assumed by said Pacific States are to become due and payable only as provided herein and cannot become due and payable immediately under any conditions."

Section 8. Liability to stockholders rejected.

Article III. Business to be carried on and administered in good faith but "the Pacific States shall not, at any time, be forced by anyone to sell said assets for the purpose of liquidating any of the liability assumed hereby to satisfy such liability."

Article IV deals with liens and the pro rating of assets and is particularly interesting.

Section 1. Deficit is recognized. Assets of Chicago National to be appraised. Amount of said assets to be applied as far as possible to the reserve liability and other liabilities proportionately. Any deficiency remaining shall be charged as a lien against the reserves on the policies.

Section 2. "A lien shall be charged against the policies, or contracts of insurance hereunder reinsured, by Pacific States, in an amount sufficient to equal the deficiency in the reserve liability. The amount of said liens to be charged against the individual policies of Chicago National, shall be their respective shares of the total liabilities assumed by Pacific States hereunder, and shall be determined on a basis of their respective mean reserves, as of the date of approval hereof by the department of trade and commerce of Illinois. Such liens shall bear interest annually at the rate of 5 percent per annum and shall be insured in the Pacific States without medical examination or other evidence of insurability of the policyholder, at the attained age, at one year term rates (American experience 3½ percent) plus a loading of 7½ percent."

### Section 3 Confusing

Section 3. Only liens created by reinsurance contract to be insured, not those previously existing. The balance of Section 3 is a little obscure but seems to be to the effect that premium notes and other obligations of policyholders taken over by the Pacific States shall be valued at their "reserve value" which seems somehow to be connected with the value after deduction of the lien.

Section 4. All liabilities such as disability and death claims and debts or unpaid accounts are to be scaled down in the proportion of good assets to gross liabilities. Pacific States is to pay death or disability claims and other claims or debts only from income received from assets acquired from the Chicago National, or from the premium income as received on policies reinsured, "and no such claims can in any manner be imposed upon the Pacific States against its will."

"Pacific States shall not be called upon to impair its credit or caused to suffer any loss by sale of assets by being called upon to immediately upon demand lay out cash for any such liabilities hereunder assumed."

"Any obligations arising in the future,

## Three Noted Speakers on Managers' Program

The program for the managers' meeting at the annual convention of the National Association of Life Underwriters at San Francisco, Aug. 15-19, now is complete. The session will be Aug. 16. As usual, discussions will play a big part in the meeting, these having been found to be the most valuable features as they bring out important sidelights which do not develop in the set addresses. W. W. Klingman, vice-president of the Equitable Life of New York in charge of agencies, will speak on "Your Job." F. H. Haviland, manager Connecticut General in Chicago, is to talk on "Building a Permanent Organization." W. M. Hammond, general agent of the Aetna Life in Los Angeles, has as his subject, "Methods of Doing Business in 1932." Chester O. Fischer, general agent Massachusetts Mutual in St. Louis, is chairman.

which may not be known at the time of placing the liens herein referred to shall be, when so determined, added to and become a part of said liens and be considered the same as if now known."

Section 5. Earnings of Chicago National Life business from gains from loading, mortality savings and excess interest are to be determined. The Pacific States shall first deduct therefrom the interest on the liens, the expense of administering Chicago National business, the premium for the lien insurance, and provision for the tabular mortality on lapsed policies. The remainder shall constitute the profits, of which 50 percent shall be applied by Pacific States to the reduction of the liens. If the gains do not equal the amount of the charges, any deficit shall be charged to subsequent years.

Section 6. If the lien is not discharged at the end of ten years from Dec. 31, 1932, the remainder shall be carried as a permanent lien, except that each policyholder can reduce his policy to a smaller amount without lien.

Section 7. Reduction of policy to avoid the lien at the option of policyholder at any time.

Article V. Assets taken over are to be valued annually, and the change in value reflected in increase or decrease in the liens, up to the end of ten years.

Article VI provides for separate accounting.

Article VII binds the respective parties, their successors or assigns.

Article VIII declares that the rule of construction, known as the rule ejusdem generis shall not apply to this agreement.

Article IX is formal concerning signatures.

### Public Life Policies

No special provision is made in the reinsurance contract for policies taken over from the Public Life by the Chicago National. Those policies were lien heavily. The Chicago National also took over the Gary National. The situation of these old policyholders may be covered by Section 3 of Article IV of the reinsurance contract.

The Pacific States in its short life has been rather active as an absorber. The list of companies it has taken over is: Phoenix National, Ariz.; Fidelity Reserve, North Platte, Neb.; Liberty National, Cape Girardeau, Mo.; Western Casualty, Denver; Sierra Nevada Life & Casualty, Oakland, Cal.; Union National Life, Kansas City, Mo.; Lewis & Clark Life, Great Falls, Mont.; Sterling Life, Health & Accident, Los Angeles; Elkhorn Life & Accident, Norfolk, Neb.; Farmers Life, Denver; Great American Casualty, Chicago.

The capital of the Pacific States is \$250,000 and admitted assets Dec. 31 \$6,748,650, with surplus \$107,813. Real estate is given as \$1,610,095, on which 2 percent was earned in 1931. Insurance in force was \$38,410,000.

## Medium Sized Companies Have Best May Business

Ordinary life production was off 27 percent in May and 16 percent for the first five months of the year, according to the Life Insurance Sales Research Bureau. The 12 months ending May 31 were 13 percent below the preceding 12 months. Sales of the 76 member companies totaled \$530,758,000 in May, 8 percent of the companies reporting gains. The medium sized companies, with \$150,000,000 to \$400,000,000 insurance in force, had the best experience in May. The combined sales of companies in this class were off 18 percent while the larger companies showed a 27 percent decrease and the smaller companies 35 percent. Eleven percent of the companies in the middle class showed gains in May, 6 percent of the large companies and 10 percent of the small sized.

The sales by sections and cities for May and the first five months of 1932, compared to a like period a year ago, follow:

	May, 1932, 1932	Five mos. May, 1932, 1932	Comp. to May, 1931 mos., 1931
U. S. total.....	73%	84%	
New England.....	70	83	
Middle Atlantic.....	74	85	
East North Central.....	73	83	
West North Central.....	70	80	
South Atlantic.....	71	84	
East South Central.....	75	83	
West South Central.....	80	85	
Mountain.....	67	80	
Pacific.....	78	90	
Boston.....	67	85	
Chicago.....	78	78	
Cleveland.....	64	75	
Detroit.....	75	84	
New York.....	73	81	
Philadelphia.....	92	84	

### Detroit Won Over St. Louis

The C. O. Fischer agency of the Massachusetts Mutual at St. Louis challenged the J. W. Yates agency of Detroit for a seven weeks' contest conducted on baseball lines. The score was eight to three in favor of Detroit. The Fischer agency presented the Detroit men with a silver cup, the presentation being made at the annual meeting of the Massachusetts Mutual Agents Association at Swampscott. The Yates agency produced \$1,500,000 in May, making it the agency leader for the month.

### Assign Interest to Bank

DETROIT, June 23.—One of the large Detroit banks is asking certain of its creditors to assign their interest in their insurance policies to the bank to secure their loans or other obligations under terms which give the bank full control of the insurance, even to the surrender of the policy without notice should the policyholder default in any of his obligations to the bank—including his failure to deliver to the bank a receipt showing payment of premium five days before expiration of the days of grace.

### Some Companies Delay Payments

(CONTINUED FROM PAGE 5)

it in contemplation. The fact that a policyholder could get his withdrawal money at once or in case of a few days from life companies has been a great incentive to draw on the life insurance savings fund. When some companies found they could not meet all the demands without borrowing money or selling securities, they felt that self preservation was the first law of nature and hence began to hold back and take advantage of the waiting period, which they had a perfect right to do.

Inasmuch as companies in past years had not been embarrassed by these strenuous demands they paid out loans

and surrenders just as soon as the application could be passed on and checked. Therefore policyholders evidently had not been cognizant of the fact that there was a waiting period provided in policies. Companies have never brought it into play. Now it seems some companies feel it is a wise thing to hold back on paying out money and they fall back on the contracts. This has resulted in men in the field using the delay against those companies that are simply bringing forward the policy provision. The intimation is made that these companies find themselves unequal to the occasion. The fact of the matter is that there may be differences in the condition of various companies. Where a company is able to meet all its obligations out of current income from premiums and investments, there has not been a tendency to hold back when applications for surrenders and loans are made. If, however, a company's cash or liquid position is not so satisfactory it may feel perfectly justified in taking advantage of the policy provision.

### Are Studying the Situation

A number of officials evidently are making a careful study of the surrender and loan situation inasmuch as the bombardment has kept up for so long

a time and there has been but little cessation. The time may come when companies will find it highly desirable to take some action that will protect them in case of a long continued panic as at present. In other words, companies have made it very easy for people to obtain the equities in their policies without delay. The various results from the long continued depression have revealed certain defects or weaknesses that may have to be strengthened.

### Surrender Values Vital Topic Before Actuaries

(CONTINUED FROM PAGE 5)

the opportunity for the indulgence of legislative whims, it would, I believe, be desirable to reduce cash value allowances to an amount far below the value of the corresponding paid-up insurance options, but at the same time to allow the difference between such values to be used only for the purpose of paying premiums and interest, possibly under an automatic loan feature. In this manner the insured would get equivalent values and at the same time the beneficiary would be assured a greater measure of protection than is now available.

"A reasonable increase in surrender

charges will not accomplish the strengthening of a company's cash position during periods of economic stress. An exorbitant surrender charge is unjust to the policyholder. A just solution is the division of the reserve into three elements: (1) a reasonable minimum surrender charge instead of a maximum as now provided, (2) a cash loan allowance substantially below the value of the corresponding paid-up insurance options, and (3) a premium loan value equal to the remainder of the reserve. Some such method as this, if in operation today, would go a long way toward lessening the present day problems of cash loans and surrenders. This proposal is so contrary to the practice of the last 20 years of life insurance history as probably to find few immediate adherents. There are, of course, some practical objections, but I believe they could be overcome. Then, too, to attempt to bring about statutory changes is always fraught with danger, as too often well-intentioned changes initiated by the companies themselves pave the way for inimical legislation. I believe it is, however, a subject deserving of consideration.

"In the meantime, until some happier solution is found for our present difficulties, much would be gained if all of us, as actuaries, were to require, each



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were used by one man, a newcomer  
to the job of the "Man on the Street",  
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**\$310,000 of business**

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## "Time Control"

The narrowed field for life insurance operation compels the underwriter to scrutinize his avoidable wastes, and he finds them in his use of time. Hence today's insistence on time control. Begins with prospect lists, made up on the "need, pass, pay" standard. Saves time in spacing calls. Saves waste by attuning sales approaches and organized sales talks to the current public attitude and need. Diminishes time wastage by increasing deliveries through increases in prepayments with applications.

With all the remainder of the business world stopping avoidable wastes, why should any life underwriter "get his back up," to his certain loss, against similar reform in his own methods? Many, many Agents who have got into step are doing as much business as they did in roaring 1929, and many, many others have halted or prevented decline in their incomes.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. A. LAW, President

Independence Square

Philadelphia

## Massachusetts Mutual Life

a synonym for

## Quality and Excellence

in

## Life Insurance



**MASSACHUSETTS MUTUAL LIFE**  
**INSURANCE COMPANY**  
SPRINGFIELD, MASSACHUSETTS

Organized 1851

within his own company, surrender charges commensurate with actual acquisition costs, thus giving a proper measure of consideration to persistent-policyholders."

### Loans Increase Sharply

From Oct. 1, 1929, to Oct. 1, 1930, according to Thomas A. Phillips, president Minnesota Mutual, his company's cash outlay on new policy loans increased 35 percent; during the next year, it increased 43 percent, and since Oct. 1, 1931, it has increased approximately 50 percent—a total of nearly three times what it was prior to 1929. An analysis showed that there exists a parallel between a depression and cash demand. Policy loans increase shortly after the beginning of a depression. By the end of the next depression cycle most of these policies have gone off the books, and a new set has gotten on the books during the second depression for the next cycle.

The examination of 1,000 policies on which loans were made, over a period of ten years, revealed, Mr. Phillips continued, that six out of every ten policies went off the books with an average loss of 2½ times the original loan. Three out of ten remained in force until the end of ten years, with average loans of 2¼ times the original. One continued. From this, Mr. Phillips estimated that the average lifetime of a policy against which there is a loan is somewhere around seven to eight years.

### Need of Curbing Loans

Consequently, Mr. Phillips concluded that there is little that can be done with a policy that has a loan or loans against it. Although he said he hadn't yet found a cure he could with confidence recommend, he suggested the need of curbing loans. He offered the suggestion policies should have stated surrender values. Another suggestion was that if these values are payable in cash, the company should pay only a certain percentage of the cash value up to, say, five or six years, the balance going into paid-up insurance. Or, the company might be prohibited to pay more than 50 percent of the cash value in any one year, although he was not convinced that this is the right way altogether, because it results in deferment rather than meeting the cash demands.

### Offset Company Expense

Surrender charges often are regarded, and rightly so, as an offset to company expense, Mr. Phillips said.

His study of company experience with loans evidenced that there is little difference between the ability of companies to meet loan demands; and that this ability does not depend on the percentage of loans made, but upon other factors.

If a policy is withdrawn before its acquisition costs are liquidated, said E. D. Armantrout, assistant actuary Provident Mutual, the result represents a true loss to the company. Among the factors that tend and are tending to increase the problem of loss on new business is the competition of companies in the payment of dividends, decreased earnings and interest rates, increased mortality and agency costs, and heavy loans. In view of these factors, it is hard to justify the intensive drive for new business on the part of many companies, since the new business must be placed on the books at a loss.

### Adjust Values and Dividends

As possible relief, Mr. Armantrout suggested the adjustment of cash values or dividends, or both. Obviously, payment of dividends in the early years to policyholders that don't persist is not justified, although it probably is to policyholders that do.

The shrinking of estate values demands the readjustment of life insurance, Mr. Armantrout warned. Otherwise a situation is created that is too easy for the twister. It is hard to show policyholders where an overloaded policy shouldn't be changed but should

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be adjusted; and this factor, Mr. Armantrout believes, needs attention.

J. R. Larus, Phoenix Mutual, asserted that higher surrender charges would benefit lapses, and would do away with some of the factors that make it more plausible for twistlers to disturb existing business. Consequently, Mr. Larus favors higher surrender charges, and believes that all companies should be increasing such charges to the maximum allowed by law instead of paring them to the minimum, as in the past.

#### Accentuate Need for Solution

Recent heavy withdrawals in the form of loans, O. W. Perrin of the Penn Mutual declared, have accentuated sharply the need of solving overpayment to policyholders. A reduction in cash values, especially in the early years of the contract, and, because it is obvious that too many dividends are being paid in the early years, a reduction in the dividend scale, would help.

The Penn Mutual pays no dividends until the end of the second year, making it up to policyholders who develop persistency by some sort of extra dividend at the end of the fifth year. This is a practical example of the principle of not paying dividends until they're earned. And during good years contingency reserves are strengthened through this method.

Another practice of the Penn Mutual is the holding of United States securities which the company sells to the bank subject to repurchase by the company at the same price. In this manner readily accessible liquid assets can be had at a considerably lower rate (approximately the Federal Reserve discount rate), and a strong cash position maintained.

#### Legal Power Needed

Legislation for the reduction to a minimum of policy loans and cash surrender values was suggested by E. L. Marshall, Lafayette Life. He believes a method is needed whereby companies legally could refuse to make loans on policies, thus protecting the policyholder by removing the temptation of securing a loan and losing his policy.

Formerly, when the policyholder found it inconvenient to pay premiums, the Lafayette accepted the usual type of premium note. In many cases it found acceptance of the note preceded application by the policyholder for the maximum loan. As a substitute for this type of note the company developed a special agreement note in which the assured says he is unable to meet the premium payment but will pay at specified future dates. The real feature of the note, however, is that the payments are stipulated to be for extended insurance. Technically, then, the policy never is removed from the extended insurance classification, and the policyholder hasn't, by his own agreement, the right to ask for a loan or cash surrender. Insurance is as likely to continue under this plan as under any other, Mr. Marshall pointed out, and it does reduce lapses occurring via the policy loan route. When the company is asked to reinstate the policy, if the policyholder obviously desires it for the purpose of securing a loan, the company can and does refuse to reinstate.

#### Reinstatement Must Follow

James F. Little, second vice-president Prudential and retiring president of the Institute, warned actuaries that reinstatement must follow back payments. Mr. Little doubted if the practice of refusing reinstatement and continuing the policy as extended insurance would hold water in the courts.

Some increase in surrender charges is desirable, but J. S. Thompson, vice-president Mutual Benefit and president of the Actuarial Society, asked actuaries to recall that most surrender scales were fixed at a time when losses, if any, could be adjusted easily by the dividend scale. Actuaries shouldn't be too carried away by temporary conditions. "Permanent," he remarked, has

a different meaning with different companies.

Mr. Thompson suggested that any decrease in surrender values be moderate enough that public esteem and respect might be safely retained. Any change in surrender charges, he pointed out, will not mitigate the present situation much, and any legislative measure adopted must be made compulsory and universally applicable to be effective. Left to voluntary acceptance it would be unworkable.

It is obvious that actuaries realize the plethora of "ifs" and "ands" attendant upon legislative relief, and Mr. Little, speaking in this connection, reminded actuaries that "legislative proposals in this connection would not get very far, I am afraid, because legislators feel the money belongs to the individual policyholder and not to the group."

Life companies must maintain sufficient amounts of liquid assets, W. P. Coler, American Central Life, stressed. In this connection, Mr. Coler noted that some English companies, whose policies have no stated cash surrender values, are changing their methods of evaluation, extending them from three to the five year maximum allowed. Some here in the United States, Mr. Coler remarked, would do this, if they were

not tied to contractual obligations. There are many, Mr. Coler added, in America who regret the establishment as a legal principle of equity in reserves.

#### Study Other Institutions

Mr. Coler believes actuaries can study with profit the methods other financial institutions are using to meet the present situation. Building and loan companies in some states, for instance, can refuse withdrawal of more than 50 percent of the amount deposited.

J. A. Budinger, associate actuary Kansas City Life, suggested that the allowance of cash surrender values be limited to 30 days following the anniversary of the policy contract.

Mr. Little pointed out in a summary that surrender values are necessities. The policyholder is entitled to the equity in his policy, providing the equity is properly calculated and that its withdrawal does not endanger the stability of the company. The policyholder, Mr. Little explained this last statement, may terminate the policy without notice. The life company cannot. For the protection of the company then, it should be able to invest in long-time investments and not be entirely confined by too heavy withdrawals to short term, immediately liquidatable investments.

Mr. Little agreed with Mr. Arman-

trout, that the competition in surrender values among companies has produced a highly objectionable result.

While the public has a very definite right to surrender values and loans when it needs them, the policyholder should be expected to pay for the withdrawal of his equity from the company's assets. In addition, allowance should be made for such as do not cancel policies after securing loans upon them, since, obviously, it is unfair to those who persist 15 years for the company to return the same percentage of deposits to those who persist only three or four years. When this is done the surrender charge on policies of 15-year duration is far higher than that of policies persisting a short time.

What should be done, Mr. Little said, is the maximum allowable under present laws. If the maximum surrender charges now allowable under the law were made the minimum charges, there would be a considerable easing up of the present situation.

A severe lesson impresses deeply, Mr. Little said in conclusion, and it is therefore not likely that the one the companies have learned from the present depression will be forgotten very soon.

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LIFE INSURANCE EDITION

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### Two Associations Choose Actuaries

It may be but a coincidence and if so, it is an interesting one, that the two great life insurance organizations of companies, the ASSOCIATION OF LIFE INSURANCE PRESIDENTS and the AMERICAN LIFE CONVENTION, both this week announce the appointment of actuaries. BRUCE E. SHEPHERD, actuary of the New Jersey insur-

ance department, becomes actuary of the presidents' organization while ROLLIN YOUNG, associate actuary of the FRANKLIN LIFE, is actuary of the AMERICAN LIFE CONVENTION. Both are young men, with fine attainments and excellent training. Both have most promising futures in front of them.

### Revising the Suicide Clause

THE NATIONAL UNDERWRITER has received a letter from a prominent life insurance general agent emphasizing the need for some revision of company practice as to treatment of suicide. This coincides with the study that a committee of the ASSOCIATION OF LIFE INSURANCE PRESIDENTS is making of this same subject. The general agent makes the point that suicide in life insurance has introduced moral hazard into the business that has not been in great evidence heretofore and is very much akin to the crime of arson in fire insurance. In case of fire insurance, companies are not liable for a loss if they can prove that it was set on fire by the assured or at his instance. Life companies are liable for suicide losses in full after the contestable period has passed.

Until the present panic, suicide mortality was not a great factor in life insurance. In the last two and a half years, when the financial and business strain has been unusually heavy the ratio of suicide mortality has increased materially. In Chicago recently two men who killed themselves left letters frankly acknowledging that their families would be much better off with them dead so that their obligations could be paid and they would have something to live on. The incentive to suicide has been accentuated by the economic situation. Companies have

been able to absorb the suicide mortality and the moral hazard has not been brought to the fore.

Undoubtedly dozens of people during the last two years and a half have suicided because of the life insurance they carried. At least that entered into mental calculations of the policyholder. Just how far a man is responsible for his suicide is a question for the psychologists. Many that have suicided undoubtedly have had in mind more than the mere disposing of a life in order to avoid some agonizing experience. The financial prospect in the realization that a man's dependents would be better off with him dead than alive has entered into the picture.

It would seem therefore that life companies are justified in taking steps to make it a far less desirable object to suicide for the life insurance money in prospect. There would still be imposition on companies more or less due to the ingenuity of a policyholder in suiciding so as to leave the impression that it was an accident but the suicides would certainly be reduced if life companies made the financial outcome far less attractive.

The companies owe this not only to themselves and their policyholders but to humanity at large. If insurance is an incentive to suicide then the cause of that incentive should be reduced to a

minimum. We will always have suicides. The strenuousness of these troublesome times, however, has showed us that there is a strong moral hazard introduced into life insurance and men see the opportunity of cashing in and pro-

viding their families a comfortable fund by the suicide route. Life companies, therefore, not only have a duty to themselves and their policyholders but to humanity at large to safeguard against suicide.

## PERSONAL SIDE OF BUSINESS

Mrs. Joanna G. Burrows, mother of Parke T. Burrows, vice-president of the Register Life of Davenport, died in Racine, Wis., last week. Funeral services were held in Davenport.

W. J. Bradley, publicity manager of the Home Life of Philadelphia, sailed June 13 on the "Lapland" to attend the Eucharistic Congress at Dublin, Ireland. Mr. Bradley was accompanied by his son, W. T. Bradley, who is a seminarian.

The University of Montreal has conferred the honorary degree of doctor of social science on Norman L. Burnette of Ottawa, assistant secretary of the Metropolitan Life and head of the welfare division of the company in Canada.

Harrison R. Johnston, who was national amateur golf champion in 1929, and a member of the Walker Cup team, has completed a course of instruction in the New York City agency and at the home office of the Mutual Benefit Life and has been assigned to the Minneapolis agency of that company.

H. K. Lindsley, president of the Farmers & Bankers Life of Wichita, was one of 19 prominent bankers and industrial leaders selected at a meeting in Tulsa last week from the tenth federal reserve district to form a committee to marshal agriculture, commerce and industry in restoring trade to a more normal basis.

Stacey W. Wade of Raleigh, N. C., former insurance commissioner and nationally known, received the Democratic nomination for secretary of state of North Carolina in the Democratic primary. The Democratic nomination is tantamount to election in North Carolina, since that party has controlled state affairs for many years. Mr. Wade is now in the insurance business in Raleigh.

Edward M. Day, general counsel of the Aetna Life, who lives in Hartford, was a delegate to the Republican national convention in Chicago last week.

K. A. Luther, vice-president of the Aetna Life, passed through Chicago on a short agency tour, after having held conferences with agencies at Indianapolis, Detroit and Grand Rapids.

C. C. Herrick, recognized as the oldest life underwriter in New Jersey, who is with the Van Vliet & Keer agency of the Prudential in Newark, will celebrate his 89th birthday June 24. He has just returned from the hospital, where he was confined for a short time with a broken hip.

T. L. Fansler of Philadelphia, formerly an agent of the Northwestern Mutual Life in Chicago, and former president of the Chicago Life Underwriters Association, who is now in his 78th year, has published a booklet entitled, "Some Musings by the Wayside Gathered from Near and Far." It gives a few highlights in his career with the Northwestern Mutual for 49 years. Of these 27 were spent in Chicago and 22 in Philadelphia. He was formerly Philadelphia general agent. He started with the Northwestern Mutual June 6, 1883.

J. F. Oates of Hobart & Oates, Chicago general agents Northwestern Mutual Life, is receiving the condolences

of his friends on account of the death of Mrs. Oates at their home in Evanston, Ill., last week. She had been ill for over four months. Mrs. Oates was prominent in the Chicago suburb, being interested in a number of activities. She was president of the Evanston Garden Club at the time of her death. She graduated from Northwestern University of which Mr. Oates is now trustee.

W. L. McWilliams, of Jackson, Mich., state agent for the American Central Life, and one of the high grade life insurance men of the state, is dead.

A. W. Logan of Quenemo, one of the organizers of the Cosmopolitan Life of Topeka and the general agent for the company until its merger with the Victory Life of Topeka, is a candidate for the Republican nomination for state treasurer of Kansas.

The new secretary of the Actuarial Club of St. Louis is Miss Katherine Zeiss. In last week's issue her last name appeared as "Head." Miss Zeiss is in charge of the Missouri State Life's Hollerith division in the actuarial department.

Mrs. Babette Zinkand, for many years one of the outstanding women life agents in San Francisco, and for some years one of the few women in the business, died at her home there after a long illness. Mrs. Zinkand entered life insurance shortly after the death of her husband, one of the Pacific Coast's well known restaurateurs in the "gay '90s." She made a distinct success in the business and had a renewal record of 97 percent with the Western States, which company she represented during her entire business career.

Frank L. Klingbeil, manager of the Prudential's Detroit ordinary agency, was recently injured and confined to bed for ten days. He is now wearing a steel cast. Despite his injury Mr. Klingbeil is spending many hours a day in his office organizing his agency for increased business following its removal to new and larger quarters recently.

J. M. Campbell, president of the Colorado Life, and Mrs. Campbell announce the marriage of their daughter, Lucile, to Burr Betts of Denver. The bride was graduated this year from Randall school.

In celebration of 40 years of continuous service with the Prudential, Alexander C. Grant, superintendent of Milwaukee No. 1 district, is giving an anniversary dinner June 25. A business meeting will be held at 4 o'clock and a reception at 6, followed by the dinner.

Home office officials invited to attend include: Edward D. Duffield, president; George W. Munsick, vice-president in charge of agencies; John P. Mackin, second vice-president; B. Harve Harris, assistant secretary; George H. Chace, assistant secretary; Frederic H. Youmans, supervisor; George E. Potter, assistant to the president, and Frederick H. Schultze, division manager.

Mr. Grant first became connected with the Prudential at Middleton, N. Y., later going to Kingston, N. Y., Brooklyn, N. Y., Oshkosh, Wis., where he opened the district in April, 1894, and Milwaukee, where he had been for the past 25 years.

Charles F. Williams, president Western & Southern Life, with a party of prominent Cincinnatians, is tarpon fish-



ing at Boca Grande, Florida, in the Gulf of Mexico near Ft. Myers.

Commissioner W. C. Walsh of Maryland, who is on hand for the gathering of commissioners in Chicago this week, will remain in that city next week for

the Democratic national convention, to which he is a delegate. He is accompanied by Deputy Commissioner Joyce of Maryland. Both officials expressed pleasure upon finding much sentiment in Chicago favorable to the candidacy of Governor Ritchie.

## NEWS OF THE COMPANIES

### St. Louis Mutual Wins Case

#### Supreme Court Issues Permanent Order of Prohibition in Suit Attacking Reorganization of Company

The Missouri supreme court has made permanent its preliminary rule of prohibition against Circuit Judge Mulloy of Clayton, Mo., restraining the lower court and A. M. Licht from taking any further action in the suit brought by Licht some months ago attacking the legality of the reorganization of the St. Louis Mutual Life.

#### Carried Only Small Policy

Licht, who carried a small policy with the St. Louis Mutual, attacked the reorganization of the company as both a stock and mutual concern as "illegal and unlawful" and he sought to restore the original status of the company as a strictly mutual company. He also asked the court to remove the company's directors and name a new set of trustees to administer its affairs.

In his opinion upholding the reorganization of the company, Chief Justice Atwood called attention to the recent ruling of the supreme court en banc in the Missouri State Life case which held that the superintendent of insurance has exclusive authority to institute receivership proceedings against a domestic insurance company. Both Superintendent Thompson and Attorney General Shartel approved every step taken in the reorganization of the St. Louis Mutual Life.

#### Survey Farm Loans

President W. W. Putney and Vice-President D. M. Hildebrand of the Midwest Life of Nebraska have recently completed a personal survey of lands upon which the company holds mortgages or to which it has deeds taken in satisfaction of unpaid liens. Three-fourths of these properties were visited, lands reappraised and a study made of the farm problem.

"We found," reports Mr. Putney, "that in practically every case the farmer is getting down to business, realizing that he must cut his expenses to meet his present income. On most of our mortgage loans we still have from a fourth to a third margin of security over the amounts loaned, and the appraisal is on the basis of what the lands can now be sold for at forced sale. We have had no losses of any consequence so far and although a number of farms will undoubtedly have to be taken over there will be little loss in this account."

New insurance written during May by the Midwest Life was 20 percent in excess of April and substantially ahead of any one month's production in the preceding 12 months. Total premiums in accident and health department were in excess of 100 percent more than for April, while life underwriting was 10 percent more.

#### Yeomen Mutual in 12 States

The new Yeomen Mutual Life of Des Moines, of which A. H. Hoffman is president, has been licensed in 12 states and by the end of the month expects to be entered in 25 states. It is now operating in Iowa, Minnesota, Kansas, Missouri, Nebraska, North and South Dakota, Wyoming, Ohio, Michigan, California and Oklahoma.

### Home Guardian Not at Helm

#### John A. Farber and Associates Have Purchased the Control of Equity Life of Omaha

President Guy H. Furness of the Equity Life of Omaha declares that THE NATIONAL UNDERWRITER was in error last week in stating that the Home Guardian Life of Lincoln was closing down on an unpaid portion of a \$70,000 note, which is said to have been given by the Equity Holding Company, representing 55 percent of the stock of the Equity Life. President Furness states that the Home Guardian is not in control of the Equity Life and had no chance of being in control. He de-

clares that the rumors were "absolutely untrue." He asserts that considerable propaganda has been spread about intended to embarrass the Equity.

He announces that the controlling stock interest has been purchased by John A. Farber and associates. Mr. Farber is executive vice-president and general manager of the Fidelity Old Line of Omaha of which L. J. Dort, former Nebraska insurance commissioner, is president. Mr. Farber organized the Fidelity Old Line, following the establishment of the Union Pacific Assurance, which he organized in 1927. Mr. Farber also organized the Atlas Health & Accident in 1924. He was president of the Atlas, which writes only accident and health, while the Fidelity writes life insurance exclusively.

#### Facts Are Presented

The Omaha correspondent of THE NATIONAL UNDERWRITER gives the following facts:

The Equity Life has never owed a single dollar to the Home Guardian Life. The obligation which the Home Guardian purchased was not that of the Equity Life. The facts are that certain stockholders of the Equity Life were members of a holding company, and a part of the assets of this holding company consisted of Equity Life stock.

When the holding company borrowed money at the Omaha National Bank for its benefit and not for any benefit or purpose of the Equity Life these stockholders pledged some of the stock of the Equity Life.

#### Bank Sold the Stock

When the Omaha National Bank decided to sell the note of the holding company, it also turned over to the purchaser of the note some of the stock of the Equity Life which was held as collateral for the payment of the note of the holding company.

John A. Farber and his associates purchased the controlling stockholding interest of the Equity Life last week. The Home Guardian Life was informed by the holding company officers that they had realized sufficient funds from the sale of their stock in the Equity Life to pay off the note which the holding company had made.

The money for the payment of the note had been in the hands of the Omaha National Bank to meet the obligation prior to the date that the Home Guardian demanded it should be paid.

It should be clear that the Equity Life never owed a dollar, its obligation was never sold, it was never in danger of being foreclosed, and its responsibility has never been questioned. The



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Vice-Pres.

W. L. ANDREWS  
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**SHENANDOAH**  
**LIFE INSURANCE COMPANY**

ROANOKE, VIRGINIA

present owners of the Equity state that the rumors and confusion have arisen from certain well designed propaganda calculated to mislead and to embarrass the company so as to make it easy to carry out the designs for control on the part of a group.

The new owners announce that at the present time there are no definite plans for the future and that the Equity Life will operate under its present management with John Farber as general manager. Guy Furness remains as president; Paul Havens, secretary, and Walter Duda becomes treasurer.

#### Mr. Farber's Career

John A. Farber, who with his associates now holds the controlling interest in the Equity Life, also owns and controls the Union Pacific Assurance with home offices at Omaha and the Fidelity Old Line of Omaha. Mr. Farber is 40 years old and has been in the insurance business in Nebraska for 22 years. He started as an agent for the Prudential and later was connected with the Northwestern Life of Omaha. Later he organized the Union Pacific Assurance, control of which he purchased from H. A. Wolf of Omaha two weeks ago. Mr. Farber also organized the Atlas Accident & Health of Omaha but sold his interests in this company to the World of Omaha. The Fidelity Old Line of Omaha was organized by Mr. Farber and is now managed and controlled by him.

#### Mt. Vernon Life Cited

BALTIMORE, June 23.—Judge Stein of the circuit court has signed an order requiring the Mt. Vernon Life to show cause by June 28 why a receiver should not be appointed. A complaint was filed by Mary Reed, who claims she is a creditor for \$200 and alleges the company is insolvent.

The Mt. Vernon Life was organized in 1912 with a paid up capital of \$15,000 and has maintained headquarters here. It had \$300,738 insurance in force on Dec. 31, 1930, the last report filed.

#### Great American's Big Increase

The officials of the Great American Life of San Antonio say the production for 1932 shows insurance sold and paid for from Jan. 1 to June 12 is 154 percent of that for the same period in 1931.

This production they attribute to the prosperity which the truck growers of the Rio Grande Valley and the farmers

of the Winter Garden section have been and are enjoying. The growers of vegetables have secured the highest price paid in 10 years—probably the best prices ever received.

#### Commonwealth Life Month

The ordinary agency department of the Commonwealth Life of Louisville dedicated May to President D. W. Johnson. In celebration of his anniversary month there was \$3,494,000 in business produced. This was one of the biggest months in the history of the company for ordinary business.

#### Brooklyn National Gains

The Brooklyn National Life shows an increase in May of 7.6 percent in new business and for the first five months 18.6 percent. The officers say that the new retirement income policy has contributed substantially to increased production.

#### Phoenix Mutual Men on Coast

A party of home office officials of the Phoenix Mutual Life consisting of Howard Goodwin, vice-president; Dr. R. L. Rowley, medical director; James A. Giffin, assistant agency manager, and Irving Partridge, agency secretary, is on a tour of Pacific Coast agencies. Four days were spent at Los Angeles, after which the party left for San Francisco.

#### Farm Loan Men Meet

Nineteen farm loan representatives of the Lincoln National Life recently held a two-day session at the home office. President Arthur F. Hall and Franklin B. Mead, executive vice-president, welcomed the men.

#### Sun Life of Canada

The Sun Life of Montreal has reduced its quarterly dividend from 25 to 15 percent. Heretofore it paid \$6.25 a share and now it pays \$3.75.

#### Life Company Notes

May was a banner month for the Midwest Life of Lincoln. The company showed a 20 percent increase in written business over April.

The North American Life of Oklahoma has been chartered with \$50,000 capital. Incorporators include T. F. Foster, I. K. Butts and L. W. Thompson.

Attorney H. E. Herrick of the law firm of Richards & Affeld in New York City, with which he has been associated since 1915, has been elected a director of the Home Life of New York. He is a Yale graduate.

## AMONG COMPANY MEN

### Divides Its Sales Organization

**Bankers Life of Iowa Now Has Three Territories Under Assistant Agency Superintendents**

Division of the sales organization of the Bankers Life of Iowa into three territorial divisions, each under the direction of an assistant superintendent of agencies, is announced. The assistant superintendents of agencies will operate under the direct supervision of the home office agency department, which is in charge of Vice-President W. W. Jaeger and Superintendent of Agencies O. B. Jackman.

M. E. Lewis will direct activities in the state east of the Mississippi river. L. N. Paquin will have the group of states in the middle west and northwest, and Paul W. Root, the territory embracing states in the southwest and on the Pacific coast.

J. G. Butterbaugh, formerly assistant superintendent of agencies in the east, will be assigned a desk in the home office under the new arrangement. His work will be practically the same as that of the other assistant superintendents of agencies, but he will spend more of

his time in the home office in order to give direct assistance to Mr. Jaeger and Mr. Jackman.

### Willard E. King Resigns

DETROIT, June 23.—Willard E. King announces his retirement as Michigan agency manager of the North American Life of Chicago after two and a half years service. He was formerly vice-president of the Detroit Life in charge of the Detroit city agency, and from 1916 to 1927 was secretary, treasurer and agency manager of the Agricultural Life.

He has had many years experience in home office and agency work, is well known in fraternal and club circles, is an able speaker, and one of the leading book collectors of the country.

### Ted Simmons on the Wing

Ted M. Simmons, manager of agencies of the Pan-American Life, was principal speaker before the Jackson, Miss., Association of Life Underwriters at a recent meeting. While in Jackson, he also addressed a meeting of the agents of the Standard Life of that city. The Jackson visit formed the first leg of a two-weeks field trip begun by Mr.



Simmons and which will include Memphis, Little Rock, Hannibal, Mo., and Chicago.

Mr. Simmons will appear before the Little Rock Underwriters Association June 11. He will confer with prospective field managers in Missouri and will spend several days in Chicago, where he will arrive June 15, interviewing applicants for managerial positions in Illinois, Iowa and other nearby states.

#### Coffin on Western Trip

Vincent B. Coffin, superintendent of agencies of the Connecticut Mutual Life, and E. C. Andersen, agency assistant, are making a trip throughout the mid-west. While on this trip Mr. Coffin will conduct an open forum on organization problems at a meeting of the General Agents & Managers Association of Indianapolis, of which George K. Jones, Connecticut Mutual general

agent at Indianapolis, is the president.

Mr. Coffin will also address the St. Louis Life Underwriters Association on "Selling Under 1932 Conditions." Barney Nudelman of the St. Louis Connecticut Mutual agency is president of this organization.

#### C. S. V. Branch Promoted

C. S. V. Branch has been appointed second vice-president of the Sun Life of Canada. He has spent his entire business career with the company. He has represented the Sun Life at home and abroad including management of the divisions of British Columbia, Mexico and Philadelphia. In December, 1915, he was given the title of assistant secretary in charge of reinsurance and is regarded as an authority on that branch of the business. He has been entrusted with many important missions for the company that have taken him to all parts of the world.

## LIFE AGENCY CHANGES

### Secures Home Office Agency

#### J. A. Spargur Will Take Primary Charge of Important Work for Bankers of Iowa

J. A. Spargur, assistant superintendent of agencies of the Banker Life of Des Moines, has been appointed agency manager for the home office agency. Mr. Spargur has been an active member of the organization since 1919. He commenced as a salesman of the Indiana agency in that year and made an unusual record as a producer, qualifying for all of the highest honor organizations and climaxing his selling career with membership in the \$500,000 Club in 1925. The following year he was appointed a regional supervisor for the eastern territory and in 1928 he moved to Des Moines, becoming connected with the home office as assistant superintendent of agencies.

For the past two years the home office agency which includes 17 counties in central Iowa, has been under the supervision of the home office agency department in which Mr. Spargur has been active. The home office agency has made remarkable progress and Mr. Spargur will continue this development.

#### A. S. Thomas

F. F. Ehlen, director of agencies of the Buffalo Mutual Life, announces that A. S. Thomas of Cleveland has been appointed general agent for Erie, Sandusky, Lorain, Huron, Ashland and Richland counties. He was formerly supervisor for the Great Northern Life and later the Continental Life.

#### Karl H. Nordgaard

Karl H. Nordgaard has been appointed district manager of the Great-West Life at Mankato, Minn. A young man of 29, Mr. Nordgaard has had a successful life insurance experience. He was principal of the high school of Portland, N. D.; field manager for the middle west states for the Source Research Council, and western supervisor for the "Classroom Teacher."

#### G. A. Noel

G. A. Noel, formerly with the Pacific Mutual Life Company in agency organization work and for the past six years assistant manager of the Travelers at Dallas, has been appointed branch manager of the California-Western States Life at San Antonio, Tex.

#### C. C. Adams

C. C. Adams has resigned as general agent in Birmingham, Montgomery and surrounding counties in Alabama for the Atlantic Life to become branch man-

ager for the ordinary department of the American National of Galveston at Fort Worth, Tex. Mr. Adams started in the insurance business about 14 years ago as a producer for the Life & Casualty of Tennessee. For 10 years he was manager in several offices. His final four years with the Life & Casualty was spent as manager at Birmingham. During that time he was leading producer in the ordinary department. Then he joined the Atlantic Life.

#### George G. Thurman

George G. Thurman of Cleveland has been appointed district manager of the Buffalo Mutual Life for that city and Cuyahoga county. He was formerly assistant general agent of the Missouri State Life in Cleveland when his brother, E. B. Thurman, was general agent. E. B. is now general agent of the New England Mutual in Chicago. More recently George G. has been connected with the Detroit Life. His offices will be in the Fidelity building.

#### Glenn E. Horton

Glenn E. Horton has been named general agent for the Central States Life of St. Louis for southwestern Iowa, with headquarters at 619-620 Capitol Theater building.

Mr. Horton entered the life insurance business in 1921 with the old Merchants Life of Des Moines. He was with that company seven years and was auditor at the time the company merged with the Lincoln National in 1928. At that time he was transferred to the home office of the Lincoln National, but returned to Iowa a year later as general agent at Waterloo for the Cedar Rapids Life. He was with that company for several years.

#### H. M. Krebs, E. J. Stewart

H. M. Krebs, who has been with the J. Ray Davis agency of the Provident Mutual at its Erie, Pa., office, has been appointed general agent for that company at Buffalo. Mr. Krebs also has served with the Davis agency in Cleveland, recently as agency supervisor. He is succeeded in that position by E. J. Stewart.

#### W. H. Southwell

W. H. Southwell has been appointed manager in Philadelphia for the Continental Life of St. Louis, with offices at 1616 Walnut street. He was formerly assistant manager for the Columbia National Life.

G. R. Allen, Ashland, Ky., has been appointed general agent for Floyd, Pike and Johnson counties by the Ohio State Life, with headquarters in Prestonburg, Ky.

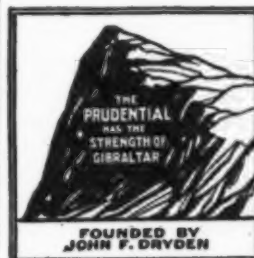
## 'ROUND and 'ROUND

Whirling dervishes, six-day bicycle racers and some salesmen of life insurance have a lot in common.

They keep on going around but never get any further than they were when they started.

Let the dervish whirl! Let the bikers ride!

But it means lost money to the salesman when he doesn't plan and set a definite goal for himself.



## The Prudential Insurance Company of America

EDWARD D. DUFFIELD, President

Home Office - Newark, New Jersey

## Girard Life Insurance Company Philadelphia, Pa.

Has excellent General Agency openings in Ohio, Pennsylvania and Michigan

Generous first year and renewal commissions. Low net cost policies.

We seek General Agents of high character and ability, who are willing to devote efforts to building a real General Agency.

When writing give us a fair word picture of yourself and your insurance experience.

Your correspondence will be treated confidentially until such time as we have your permission to make inquiry.

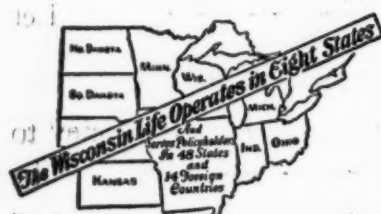
## Free Periodic Examinations for Our Policyholders

Through the Life Extension Institute of New York, our policyholders receive periodically the benefits of free health examination and advice.

This service helps to keep our mortality and lapse ratios exceptionally low. It also tends to build goodwill for the agent and to increase his non-forfeitable renewal commissions.

## THE WISCONSIN LIFE INSURANCE COMPANY

Madison, Wisconsin



If your territory is open we shall be glad to mail you, upon request, a copy of the contract and the details of an unusually attractive agency offer.

## A • Strong • Permanent • Conservative Old Line Company

Has Valuable Territory Open in

Michigan  
Ohio  
Maryland  
West Virginia

Virginia  
Kentucky  
Tennessee

North Carolina  
South Carolina  
Georgia  
Mississippi

**CONTRACT**— Liberal Commissions, Bonus, Expense Allowance, and long term Renewals.

A Money-Making Opportunity!

## GEORGE WASHINGTON LIFE INSURANCE CO.

HOME OFFICE  
Charleston, West Virginia

## TRIPLE INDEMNITY LIFE INSURANCE

with  
**NON-CANCELLABLE**  
**Weekly Accident Coverage**

combined in ONE contract for ONE Premium

Agencies available in Conn., Del., D. C., Md., Mass., Mich., Mo., N. H., N. J., N. C., Ohio, Penna., R. I., S. C. and Vt.  
Inquire

**UNITED LIFE AND ACCIDENT INSURANCE COMPANY**  
United Life Building  
Concord, New Hampshire

## LIFE COMPANY CONVENTIONS

### Bankers Mutual Gathering

Silver Anniversary Convention Held at  
Freeport, Ill., Home Office—  
President Peasley Talks

The Bankers Mutual Life held its silver anniversary convention at its home office in Freeport, Ill., last week. President J. C. Peasley welcomed the gathering and responses were made by William De Wolf, Chicago general agent and oldest agent in point of service; C. D. Mote, Hammond, Ind., general agent; J. C. Casey, Detroit district agent, and L. B. Mitchell, Kansas City, Mo., general agent. Talks were given by S. P. Hutchinson, Illinois insurance department, on "Life Insurance as a Calling"; A. C. Woodruff, vice-president and treasurer, one of the original incorporators of the company, and Dr. C. L. Best, secretary and medical director, who spoke on "The Influence of Inspection Reports on Rejections."

At the banquet Dr. J. B. Jack, Chicago consulting examiner, spoke on "The Relation of the Medical Examiner to Agent and Company." F. P. Lee, St. Joseph, Mo., general agent, gave a demonstration, "Ole Olson Buys a Bankers Mutual Policy." "As the Other Fellow Sees You" was presented by E. F. Stannard, state manager, and F. W. Sprague, Kansas City, Mo.; L. H. Engstrom, Maywood, Ill., and E. S. Mote, Indianapolis, all agency supervisors.

The feature of the meeting was an open forum with President Peasley presiding. Over 400 questions were asked. One hundred and fifty agents attended the meeting and there were 200 at the banquet. The Bankers Mutual Life now has \$33,000,000 in force. Visiting agents inspected the new office building.

### Separate Conferences Held at the Agency Convention

J. Putnam Stevens of Portland, Me., general agent of the Massachusetts Mu-

tual, has the unique distinction of being the only agent still living in Maine doing business when he entered insurance 43 years ago. Herndon Lackey of Oklahoma City, nephew of George E. Lackey, general agent there, who is former president of the National Association of Life Underwriters in his talk before the Massachusetts Mutual Agents' Association dumbfounded his audience when he told them that he was a grandfather although only 36 years of age.

The supervisors had a meeting of their own during the convention, being the first one ever held. There was a meeting of the leading producers at which a number of valuable ideas were exchanged. The women agents present also had a separate meeting. The general agents held a conference of their own presided over by L. C. Whitten of Cincinnati. General Agent J. W. Yates of Detroit distributed a sales portfolio in zipper style.

### Advance Convention Date

The Lamar Life "All-Star" floating convention will begin a week earlier than planned. The convention will be held aboard the steamer "Athena" and will begin in New Orleans July 30, the sailing date for the cruise to Mexico. The All-Stars will land in Vera Cruz and make a train trip to Mexico City. P. K. Lutken, executive vice-president, will head the expedition to Mexico.

### Duffield in Northwest

ST. PAUL, June 23.—Edward D. Duffield, president of the Prudential, will be the guest of honor at a large agency conference here June 28. Agents from Minnesota, Wisconsin, Michigan and Iowa will attend.

### Atlantic Life Convention

This year's Aces convention of the Atlantic Life will be held at the Hotel New Yorker in New York Aug. 24-27.

A. H. Knutson, Bemidji, Minn., formerly with the New York Life, has been made district manager of the Mutual Life of New York.

## AS SEEN FROM NEW YORK

By R. B. MITCHELL

### CONCENTRATES ON ORDINARY

By making his new men concentrate on the sale of ordinary insurance, the head of one of the leading industrial offices in the country has established a remarkable record, not only for production of both lines of insurance but in reducing turnover among his men. When he puts a new man on a debit, the new agent is supposed to make his collections but at first is not encouraged to sell industrial policies. Experience has shown that new men are not likely to discriminate in their selection of risks from a persistency point of view, so instead they are put to work on ordinary. The psychology is that when the new agent has put \$25,000 or \$30,000 ordinary business on the books he is thinking about his renewal commissions. He is sold on the company and determined to stay with it, and when he writes an industrial risk he does his best to make sure it is of a type which will stay on the books and not affect his record by lapsing and cutting his increase in force.

### DISTRIBUTE DRYDEN FUND

A trust fund, now amounting to \$1,627,611 which was founded many years ago by J. F. Dryden, organizer of the Prudential, for his daughter Mrs. Susie Dryden Kuser, will be divided between her children, State Senator Dryden Kuser of New Jersey and Mrs. T. W.

Herbst, it was announced by the Trust Company of New Jersey, administrator of the fund. Mrs. Kuser died March 16.

### TIGHTENING ON ADVANCES

General agents here are getting more and more chary about advancing money to their agents. Almost all feel that drawing accounts are likely to prove extremely costly and depressed business conditions haven't altered this belief. Those who have little or no money tied up in advances to agents are congratulating themselves. There are some offices which have really sizeable amounts in this type of assets. There would be less to worry about if the lapse rate were not so heavy, for these advances are largely secured by renewals.

With lapsation the way it is, the security on which these obligations are based is considerably less solid than it would be if lapses were normal. Yet in spite of knowing that they may be taking a long chance, some general agents feel a moral obligation to carry along certain of their men who have been good producers in the past and who should be again in the future, but who are in a tight spot now.

Lovelace's "Outline of the Study of Human Needs," lists practically all the uses of modern life insurance. Price, \$1.30. Order from The National Underwriter.



## AS SEEN FROM CHICAGO

### TAKE ON LIFE COMPANY

The Fidelity Mutual Life has appointed the Stewart, Keator, Kessberger & Lederer agency of Chicago as manager of a new agency in Chicago.

John J. Healy, who has been connected with Stewart, Keator, Kessberger & Lederer since 1920, is manager of the life department. This agency is the third Fidelity Mutual office to be opened in Chicago. Stewart, Keator, Kessberger & Lederer have not heretofore represented a life company.

### AMBER CHICAGO VISITOR

H. L. Amber, vice-president of the Berkshire Life, was in Chicago this week conferring with B. C. Howes, general agent for the company there, who was host to Mr. Amber and the agency force at a luncheon in the Chicago Athletic club.

### HAVILAND AGENTS' OUTINGS

F. H. Haviland, manager Connecticut General in Chicago, was host to 20 of his leading agents at an outing at the River Forest country club, June 14. The 20 agents earned their outing by qualifying for the leaders' club of the

agency. The Haviland agency is going strong, up to June 18 having paid for \$376,000 for the month as compared with \$188,000 paid for in all of June last year. Another outing on a larger scale is offered by Mr. Haviland for all of his agents who qualify in a two months' competition in June and July. The outing will be at Lake Wawasee, Ind., Aug. 4-7.

### ACTUARIES TO HOLD OUTING

The Chicago Actuarial Club will hold its annual outing at the Cressmoor golf club near Gary, Ind., June 25. At the luncheon there will be golf, a horseshoe pitching contest and cards, with prizes, and after the games a dip in Lake Michigan, followed by dinner.

### INCREASE IN APPLICATIONS

A very large increase in number of paid applications has been recorded so far this year by the Chicago ordinary agency of the Prudential under Manager A. Van Goldman. For the first five months there were 200 more paid applications than in the same period last year. Paid business so far this year is even with that last year.

## PACIFIC COAST AND MOUNTAIN

### Warning on Radio Broadcasts

**Commissioner Averill of Oregon Says Soliciting Insurance in That Way Violates Law**

Commissioner Averill of Oregon has sent out a warning against solicitation of insurance for nonadmitted companies by any broadcasting station. It has been held, he said, that solicitation of insurance by radio broadcast for unlicensed and unauthorized companies constitutes violation of statutes, whether such broadcasting is in the nature of interstate commerce or otherwise.

Mr. Averill cites the statute holding personally liable an insurance agent who fails to notify the assured that any of his insurance has been placed in an unauthorized company. In addition, violation of the insurance code of Oregon also subjects the violator to a penalty of a fine of not more than \$500 or imprisonment not to exceed 30 days or both.

### Ask Receiver for Paramount

DENVER, June 23.—Appointment of a receiver to take over the assets of the Paramount Life Company and the Paramount Life Insurance Company has been asked in a suit filed by C. L. Huston, a creditor. Neither of these companies ever was licensed by the Colorado department.

Reports here indicate assets of these companies were turned over to the Santa Fe National Life, a newly organized company at Albuquerque, N. M.

### Names Two in Los Angeles

The Great Republic Life has appointed C. L. French as general agent in Los Angeles, with offices at 1308 Great Republic Life building. P. D. Ridenour, formerly of Kansas City, is also appointed general agent in Los Angeles, with office at 904 Pacific National building.

### Claypool on Coast Trip

Executive Vice-president G. F. Claypool of the Continental Assurance of Chicago has been visiting the Pacific

Coast and held meetings at Los Angeles, San Francisco, Portland and Seattle. Mr. Claypool was accompanied by D. M. Phipps, director of field service. N. L. Olsen presided at the San Francisco meeting. Mr. Claypool spoke on the company's finances and general business conditions. Mr. Phipps directed his talk largely to the Continental Assurance's contracts, sales plans, etc.

### Colorado Life Figures Reported

DENVER, June 23.—The aggregate gain in insurance in force in Colorado by all life companies in 1931 was over \$23,000,000, according to the preliminary report of Commissioner Cochrane. Leading companies were:

	Insur. in Force Dec. 31, 1930	Dec. 31, 1931
Prudential .....	\$61,691,465	\$66,438,337
New York Life...	79,955,260	82,036,751
Metropolitan .....	35,893,241	39,918,969
Northwestern Mu. ....	52,732,387	53,688,435
Equitable, N. Y. ....	51,744,901	49,227,571
Missouri State L. ....	62,503,725	69,234,911
Union Central....	25,166,443	24,336,710
Kansas City L. ....	31,514,271	31,023,264
Aetna .....	27,302,079	26,758,731
Mutual Benefit....	21,038,827	21,715,726
Travelers .....	28,316,858	27,955,519
Penn Mutual....	14,779,802	15,047,151

\*Ordinary and group combined.

### Archer with State Life

Col. H. L. Archer, who several months ago resigned as general agent of the National Life, U. S. A., has joined the A. J. Hill agency of the State Life of Indiana at San Francisco as agency supervisor.

B. A. Ivancovich of San Francisco, who has been writing a record volume of business for the Equitable Life of New York for the past nine years, has sold his general brokerage business and will confine himself entirely to life underwriting. He has been appointed unit manager in the A. W. Carne agency, San Francisco.

### Can't Collect From Reinsurer

The New Jersey Bayonne district court has held that recovery for death benefits from a reinsurer are barred by failure of a mutual benefit society to disclose its knowledge concerning the health of one of its members at the time reinsurance was effected. The case was Vera Democrazia Society vs. Bankers National Life.

## YOU CHOOSE

Vested Renewals  
Financial Stability  
Excellent Territory  
Equitable Compensation  
Liberal, Modern Policies  
Constructive Sales Helps  
Personal Home Office Help  
A Company that is forging ahead  
Sympathetic understanding of Agents' problems  
Accident and Health as well as all forms of Life

No matter what you want in a life insurance company you will find your desire answered in an agency connection with the

## Union National Life INSURANCE COMPANY

Union Bldg.  
CHARLESTON, W. VA.

I. A. Morrissett, President, will gladly give you complete information.

Make your business trip a big success...



400 ROOMS  
Each with \$2.50 Bath from 2.  
O. F. GREATHOUSE, Manager

Stop at the  
**MELBOURNE**  
HOTEL  
ST. LOUIS LINDELL BOULEVARD AT GRAND AVENUE

## Rockford Life Has a Message for You

President F. L. Brown  
Rockford Life Insurance Co., Rockford, Ill.  
Dear Sir: SEND ME THE MESSAGE

It Concerns  
General Agencies

Name .....  
Address .....  
City ..... State.....

## No. 17 of ATLANTIC ADVANTAGES

*Atlantic's attractive birthday  
cards build good will for our  
field representatives*

## ATLANTIC LIFE INSURANCE COMPANY

Richmond, Virginia

Angus O. Swink  
President

Wm. H. Harrison  
Vice Pres. & Supt. of Agencies

*Honestly, It's the Best Policy*

WASHINGTON BICENTENNIAL 1732-1932

T-H-E  
COMBINATION  
I-D-E-A-L

Liberal policies  
—  
Good territory  
—  
Agency—Building  
Co-Operation from  
Home Office  
—  
Efficient Claims  
Service

SUCCESSFUL  
-- NATIONAL  
-- AGENCIES

Are you making PROGRESS? If not, are you willing  
to spend TWO CENTS to learn WHY National Casualty  
salesmen forge ahead continually?

We have a full line of Commercial, Industrial, Group  
and Deferred Payment Accident and Health policies. A  
connection with this company will be the TURNING POINT  
IN YOUR LIFE.

**NATIONAL CASUALTY COMPANY**

Detroit, Michigan

W. G. Curtis, President

## OPPORTUNITY!

*Desirable Territory Open for General Agencies.  
Liberal Contracts.*

**THE CAPITOL LIFE  
Insurance Company**  
DENVER, COLORADO

## IN THE SOUTH AND SOUTHWEST

### Virginia Hits "Whispering"

**Department Requests Aid of Companies  
in Stamping Out Unethical  
Practices**

The Virginia insurance department is requesting life companies doing business in that state to assist it in stamping out unethical and illegal practices to which some agents are reported to be resorting in competitive selling. The request is embodied in a bulletin addressed to the companies. "Any responsible life underwriter who has devoted a moment's thought to the subject," reads the bulletin, "knows that an attempt to bring discredit upon any single life insurance company has the effect of impairing or even of destroying public confidence in the institution of life insurance as a whole."

"Twisting and misrepresentation of life insurance policies are prohibited by law, and under a new statute a violation of this law may result not only in a fine of as much as \$500 but also in the revocation of the licenses of the guilty agent and of the company which he represents. Any insurance company receiving convincing proof that one of its representatives has been guilty of the practices outlined above should for its own protection summarily dismiss the agent."

### Southland's Oklahoma Meeting

Oklahoma agents of the Southland Life will hold their district meeting June 25 in Oklahoma City. The home office will be represented by Harry L. Seay, president, and Col. W. E. Talbot, agency manager. An attendance of 100 is expected.

### Asks Opinion on Receiver Suit

OKLAHOMA CITY, June 23.—Commissioner Read has asked Attorney General King for an opinion as to whether the insurance commissioner has exclusive right to ask for a receivership for a domestic insurance company. His request relates to the action of certain stockholders of the Oklahoma Southern Life in seeking a receivership, petition for which was filed with District Judge Long at Pauls Valley. The court dismissed the petition for lack of jurisdiction.

Commissioner Read indicated that, should Mr. King sustain this view, he will ask the district court to dismiss any petition seeking a receivership for

the company. A second suit has been filed here by a group of six stockholders. President W. W. Edwards claims there is no basis for the suit.

### Douglas Gives House Parties

O. D. Douglas, Texas manager for the Lincoln National Life at San Antonio, is giving a series of house parties for the company's agents in Texas at his ranch, 12 miles north of Boerne. Each day after dinner there will be a short sales discussion.

There will be about 30 agents in each of the three sessions. The first one, June 15-22, included representatives from Houston, Beaumont and Amarillo. The second, June 22-26, included those from Dallas, Fort Worth, El Paso and the Rio Grande Valley. The third, July 1-5, will include the members of the San Antonio agency force, those in its vicinity, and the office force.

### Cancellation Held Ineffective

The federal court at Amarillo, Tex., held that the Lincoln National Life must pay the bankrupt estate of the Amarillo Furniture Company \$128,042 and costs. The suit involved a policy on the life of S. W. Wright, former head of the furniture company, who was accidentally killed while an order was with the company to cancel and cash in his \$100,000 policy. The furniture company had gone into bankruptcy shortly before Wright's death. The court held that the trustee of the bankrupt estate did not have authority to cancel the policy without permission of the referee in bankruptcy.

### Stafford's Men Up and Coming

R. N. Stafford, manager of the Dallas agency of the West Coast Life, in spite of the depression is showing a fine record for his agency. His agents wrote \$500,000 in May, more than double the business for the similar month of last year. Mr. Stafford is urging his men to see more people in order to write more applications. As he puts it, "It is necessary to see more people and write more applications rather than to see a few people and write big applications." The last day of May the agents wrote \$98,000 of business.

### Protective Life's Record

The Birmingham agency of the Protective Life wrote a million in May, establishing a new record. Business for the company as a whole for May increased 40 percent over May, 1931.

## NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

### Has New Retirement Annuity

**Prudential Brings Out Contract with  
Many Flexible Features Replacing  
Old Form**

A new highly flexible retirement annuity has been brought out by the Prudential, replacing the old form. It is being issued ages 15-60, inclusive, in units of \$100 premium annually, \$51.50 semi-annually or \$26.13 quarterly, but for not less than an amount providing a sum of \$10 a month, nor for a premium-paying period of less than ten years. The variable factor is the monthly income. This depends upon the age selected for retirement, which

may be the anniversary of the policy nearest the 50th, 55th, 60th, 65th or 70th birthday. It is a continuous premium participating form.

A number of options are offered, including that of buying a straight life or refund annuity at the retirement age, or, for that matter, at any time after one year; of taking out the cash at any time after the end of the first policy year; of taking a paid-up deferred annuity for a reduced amount at any time after the first year. The contract has a death benefit which is either the sum of the monthly instalments or the amount which is remaining after monthly income payments have been deducted, or the cash surrender value, whichever is higher.

Waiver of premium will be issued



in connection, this requiring medical examination. Although the policy does not contain a conversion clause, the company offers another option of changing to a life policy whenever practicable and desired, subject to medical. Monthly income available per \$100 premium units on the refund annuity for male and female lives is:

Age	Males			Females		
	50	60	70	50	60	70
15...	35.04	69.12	138.00	33.13	64.19	125.58
20...	26.69	54.28	110.21	25.23	50.40	100.29
25...	19.81	42.06	87.37	18.73	39.06	79.51
30...	14.17	32.03	68.61	13.40	29.75	62.43
35...	9.53	23.78	53.17	9.00	22.09	48.38
40...	5.72	17.01	40.49	5.40	15.80	36.85
45...	3.11	11.43	30.06	2.95	10.62	27.36
50...	1.66	6.86	21.50	1.57	6.37	19.56
55...	0.88	3.61	11.45	0.82	3.35	13.15
60...	0.47	1.93	6.87	0.44	1.79	7.89

Cash surrender and loan values per \$100 annual premium for males and females, all ages of issue, are:

End Year	End Year	End Year
1...\$ 60	18...\$2,223	35...\$6,383
2... 156	19... 2,398	36... 6,725
3... 255	20... 2,581	37... 7,081
4... 356	21... 2,771	38... 7,451
5... 459	22... 2,968	39... 7,835
6... 564	23... 3,174	40... 8,236
7... 674	24... 3,387	41... 8,652
8... 790	25... 3,609	42... 9,084
9... 913	26... 3,840	43... 9,534
10... 1,041	27... 4,081	44... 10,002
11... 1,169	28... 4,331	45... 10,489
12... 1,302	29... 4,590	46... 10,995
13... 1,441	30... 4,861	47... 11,522
14... 1,585	31... 5,142	48... 12,069
15... 1,735	32... 5,434	49... 12,639
16... 1,891	33... 5,738	50... 13,231
17... 2,054	34... 6,054	

### Minnesota Mutual Cuts Scale

#### St. Paul Company Decides on Conservative Dividend Course to Fortify Its Surplus

The Minnesota Mutual announces that action has been taken to fortify and increase its surplus, believing that conservatism is indicated in view of present conditions. During the year from July, 1932, to June, 1933, the companies will add to surplus funds one-half the intended dividend to policyholders and disburse the other half. At the same time the rate of interest on funds left with the company is reduced to 4 1/4 percent from 5 percent.

The company is planning a tentative schedule for the future, based upon a conservative assumption. The first policy year a dividend is one-half of the 1931 scale; for the next two years, 75 percent; and 87 1/2 percent thereafter. Results to policyholders under this schedule will approximate 80 to 85 percent of the 1931 scale.

#### Agents Were Advised

At the agency convention of the Minnesota Mutual during the winter, President T. A. Phillips announced that the dividend situation was being scrutinized and he intimated that reductions might be expected unless the business horizon should suddenly clear. The announcement met with splendid response from the agents, who appreciated the importance of taking every precaution in these days.

President Phillips makes the following statement in connection with the readjustment of dividends:

"The Minnesota Mutual has an enviable record of dividend payments to policyholders. Eight times in the past 20 years; five times in the last 10 years—an average of every other year—the company has increased its schedule of surplus distribution. The increased dividend schedules took effect in 1909, 1911, 1913, 1914, 1922, 1923, 1927, 1928, 1929. There was no reduction during the influenza period of 1918 and 1919. Besides which, the Minnesota Mutual has always retained a very high margin of surplus for future contingencies.

"Were the indications, mortality and otherwise, of the first few months of 1932 to continue, it is the company's opinion that it could without serious diminution in surplus funds continue its present generous dividend scale again this year.

"But the company considers it unwise

to face the possibility of a gradual reduction in what has always been an ample margin of surplus, and with that perhaps several years of recovery to its accustomed strong position. In the face of admittedly uncertain property and security values, the Minnesota Mutual has adopted a plan that will automatically increase its surplus, fortifying it against any conceivable emergency that business conditions could bring. During the year from July, 1932, to June, 1933, the company will add to surplus funds one-half the intended dividend to policyholders and disburse the other half, at the same time reducing its rate of interest to 4 1/4 percent.

"This action is obviously one of extreme precaution—a move deliberately intended to enable the company to continue later its previous fine record. And considering this an inopportune time to adopt permanently new dividend schedules, the company is planning on what may be considered a tentative schedule for the future, based upon the most conservative assumptions."

### Northwestern National Cut

#### Temporary Dividend Reduction of 25 Percent Effective July 1—Give Persistency Bonus

The Northwestern National will withhold from distribution in the forthcoming dividend year beginning July 1, approximately \$400,000 of the amount normally apportioned as dividends. President O. J. Arnold states this action was deemed prudent by the directors in view of unsettled economic situation, even though surplus earnings in 1931 were the largest in several years and indications are 1932 earnings will be satisfactory. The \$400,000, which represents a 25 percent reduction, will augment participating surplus and contingency reserve funds, and will provide additional reserve against possible depreciation in security values or other losses.

#### Reward Persistent Policyholder

The company has issued a new booklet of basic dividend illustrations undertaking to reward persistent policyholders with an extra dividend or "persistency bonus" on the 20th policy anniversary (occurring on or after July 1, 1932) or upon an earlier date if the policy becomes fully paid up or matured either under original terms or by application of surplus. Additional persistency bonuses will be paid at the end of each succeeding five years. Thus the persistency bonus will be payable, in addition to post-mortem dividend, on maturity of policy by death on or after July 1, 1932, and also at the end of 10 or 15 years from date of issue in the case of 10 and 15 payment life policies and 10 and 15 year endowment policies, or whenever the policy is paid up or matured by application of surplus.

The following illustrations, both for \$1,000 at age 35, indicate the differences between the old and the new basic dividend schedules and the effect of the persistency bonus, form A being the endowment at 85 and B the whole life preferred risk.

	Year			Total	Av. Net Cost
	1	10	20		
A Old	\$3.70	\$6.88	\$10.70	\$142.76	\$18.90
A New	3.27	6.14	9.52	*148.81	18.60
B Old	3.55	5.90	8.98	122.94	16.76
B New	3.26	5.27	7.88	*127.78	16.52

Application of Dividends Under Option D			
	End at 85		Whole Life Preferred Risk
	Pay up Mature	Pay up Mature	
	Years	Years	Years
	22	30	24
Old .....	22	30	24
New .....	22	31	31

#### Persisting Bonus

	Year		
	20	25	30
End 85.....	\$21.49	\$7.14	\$8.52
Life .....	18.19	6.85	8.17

\*Including 20th year persistency bonus.

#### Missouri State Dividends

In giving a recapitulation of the current dividend position of companies, an



## SOMETHING NEW THAT IS NEW IN LIFE INSURANCE

A Dollar's worth for every Dollar paid regardless of kind of policy purchased

A \$1,000.00 Endowment Policy, any age at issue, guarantees \$1,961.54 plus Dividends in event policy becomes a claim the year it matures.

Our Twenty Payment most remarkable policy of all—too much to write about in this advertisement.

We have Ordinary with and without Cash accumulation. Without cash value it furnishes Pure Protection Life insurance at non-participating rates but on a participating basis—it is estimated dividends will amount to 50% within a few years, based on actual experience past five years.

Juvenile Policies—Ordinary, Twenty Payment and Endowment from birth, with all the fine features of our Adult Policies. Many other forms of Policies equally attractive.

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Unusually Comfortable Rooms,  
the Finest of Foods  
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Rates Starting at \$2.50 Single

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ELMER HOGREN, Manager

1050 Rooms, all with Bath

4-Station Radio Speaker in Every Room

### In COLUMBUS It's THE NEIL HOUSE

TOM A. SABREY, Manager

650 Rooms, all with Bath

### In AKRON It's THE MAYFLOWER

C. J. FITZPATRICK, Manager

450 Rooms, all with Bath

4-Station Radio Speaker in Every Room

## "Any Man Could Do It --if He Would"

"If I know my business, it is because I have done without movies and theatres . . . and the things to which men are entitled, and instead have burned a lot of midnight oil finding out what this matter of estate planning is all about. Any man could do the same, if he would." Thus simply a **three-million dollar** writer of 1929 sums up his success as a life insurance salesman.

## COMMONWEALTH CORDIAL CO-OPERATION

Commonwealth Cordial Cooperation includes as a chief essential the belief that every agent must "know his business." Educational conferences and conventions—access to a full and complete library—carefully prepared sales literature—are a few of the methods means through which Commonwealth agents learn the fine points of their profession. The sponsors of "cordial cooperation" have in mind the equipping of every agent to become a real insurance counselor. Do you want to be one?

**COMMONWEALTH  
LIFE INSURANCE CO.  
LOUISVILLE, KY.**

error was made in connection with the Missouri State Life. That company's 1932 dividend scale, which becomes effective July 1, represents a 25 percent reduction over the previous dividend scale, and not 50 percent as was indicated in the report.

### Lincoln National

The Lincoln National now is issuing a series of one, two and five year endowments on the 3½ percent basis with certain non-medical privileges. At maturity the principal can be left with the company under trust fund option at 3½ percent guaranteed and 5 percent actual interest at present. The five year endowment, the company states, actually yields 5.9 percent return on the amount invested if left with company under the option at maturity. Under the one year endowment form a maximum of \$25,000 will be considered and on the two and five year forms, \$50,000. No medical examination is required on the one year endowment except for ages above 70. The company offers the privilege of non-medical on all short term endowments maturing up to age 55, with the stipulation that medical may be required if deemed necessary, the maximum under this privilege being \$10,000 for endowments from two to five years; \$7,500 for endowments from six to ten years, and \$5,000 for endowments from 11 to 15 years. It is pointed out these contracts are tax free.

Rates on the three forms at quinquennial ages are:

Single Premium Per \$1,000			
	1-Yr.	2-Yr.	5-Yr.
25	\$997.46	\$956.73	\$844.43
30	997.46	956.75	844.55
35	997.48	956.76	844.72
40	997.50	956.79	845.00
45	997.53	956.84	845.47
50	997.60	956.93	846.36
55	997.72	957.09	847.93
60	997.92	957.36	850.55
65	998.25	957.81	854.76
70	998.78	958.55	861.27

### Surety Life

The Surety Life of Kansas City has sent letters to persons interested in aviation indicating that it proposes to eliminate from life insurance policies for licensed airplane pilots of America all references to flying hazards and to charge these fliers the same rates fixed for others.

### Franklin Life

The Franklin Life has just brought out a single premium investment annuity contract and a 3½ percent deferred cash refund annuity. The first form is presented as giving security of principal, guaranteed interest rate and annuity options. Under it the company guarantees to pay beneficiary the initial deposit with 4 percent compound interest in event of annuitant's death prior to age 70 and provides a life income for annuitant commencing at any age selected from 50 to 70. The contract may be surrendered for cash value on any anniversary date before age 71 and the cash may be used to purchase a life income under the company's regular straight life or cash refund annuities.

The contract is sold in even premium amounts. At male age 45 a \$10,000 deposit with cash value \$21,910 at age 65, and \$26,660 at 70, respectively, will purchase monthly incomes at these attained ages \$191.70 and \$275.70 under the straight life annuity form, and under the cash refund annuity, \$163.20 and \$225.50. In event of annuitant's death, proceeds may be used to purchase an income for beneficiary for a specified period or to provide an income for beneficiary until proceeds with interest are exhausted, or beneficiary may receive only the interest on proceeds until a certain date when the proceeds will be paid. The contract is considered useful in connection with problems that arise concerning income, inheritance and estate taxes.

Cash values per \$1,000 of deposit, indicating the rate of accumulation, are:			
End Yr.	Cash Value	End Yr.	Cash Value
1....	\$ 940	11....	\$1,440
2....	982	12....	1,501
3....	1,025	13....	1,565
4....	1,070	14....	1,632
5....	1,117	15....	1,701
6....	1,165	16....	1,793
7....	1,216	17....	1,888
8....	1,269	18....	1,986
9....	1,323	19....	2,087
10....	1,380	20....	2,191

The 3½ percent deferred cash refund form is issued only in units of \$100 monthly income at retirement age selected, either 55, 60 or 65. A surrender value is offered which is equal to the deposit accumulated at 3½ percent com-

pound interest, less one annual premium during the first 20 years. This will be considered with disability income, or premium waiver, or both. Illustrative rates, per \$100 monthly income at retirement age indicated, are:

Age	55	60	65
25	\$ 298.10	\$193.00	\$144.00
35	570.80	348.90	229.10
45	1,450.71	753.80	432.60

### Fidelity Mutual

The Fidelity Mutual, after July 1, will issue two new annuity forms, a single premium cash refund and a single premium refund. The first form provides a life annuity, and in addition if annuitant does not live to receive payments totaling the purchase price, the difference between the sum he has received and the purchase price will be paid to a named beneficiary in one sum at annuitant's death. On the second form, a life annuity is provided and, in addition, if annuitant does not live to receive the total of his purchase price, the annuity payments as they become due will be paid to a named beneficiary until a total equal to the single premium has been paid. The forms are non-participating, with payments on either the annual, semi-annual, quarterly or monthly basis. They will be sold in units of \$10 income payments.

### Life of Virginia

The Life of Virginia is issuing a new retirement income bond policy. Its chief attraction is the protection afforded during the earlier years of a man's life and a guaranteed income for life during his later years at a time when his earning power has been reduced and the necessity for insurance protection has been decreased. Policies are issued in units of \$1,000 initial insurance and \$10 monthly income. If death occurs prior to maturity the cash value, if greater, will be paid as the death benefit. The income is arranged to commence at ages 55, 60 and 65 and continues for life with 100 payments certain. Waiver of premium disability and double indemnity are issued. After premiums for three full years have been paid, the insured is entitled to certain specified non-forfeiture provisions. The policies will be issued on both male and female risks, the usual rules as to medical and non-medical insurance applying.

## AGENCY NEWS

### Johnson Reports Growth

In the past four years the Pittsburgh office of the Penn Mutual Life, which is celebrating its 85th anniversary this month, has shown a remarkable growth in its sales organization according to Holgar Johnson, general agent.

In 1928, when Mr. Johnson succeeded J. C. Biggart, who had been head of the Pittsburgh office for 52 years, three small rooms were sufficient for the small organization consisting of three salesmen and two clerks.

In four years the floor space in the Clark building has been increased to 3,500 square feet, with a force of 100 salesmen and 15 clerks, and has increased the volume of business from \$168,000 to \$700,000 annually and number of policyholders has grown from 7,300 to 17,000.

### St. Paul Beats Minneapolis

ST. PAUL, June 23.—The St. Paul agency of the Equitable Life of Iowa was treated to a luncheon here by the Minneapolis agency as the result of a contest for written and paid for business. H. E. Aldrich, vice-president of the Equitable, was a guest at the luncheon as was also State Agent E. W. Cameron.

### Dunning Gets Cup

R. J. Dunning, agency director New York Life, Decatur, Ill., was presented with a cup won in a recent agency contest, at the opening night of a two-day agency meeting there, attended by 60 agents from 30 counties. Vice-president G. M. Lovelace made the presentation. The Decatur district exceeded its quota by 27 percent.

## PROVEN CONTACTS IN EVERY TOWN

Our organization in Illinois is unusual in that we have desirable contacts in every town available for our agents. This factor alone gives our representatives confidence because they know their time will be taken up calling on prospects who are really interested. There is still some desirable territory open for producers.

## BUILDERS LIFE INSURANCE COMPANY

Karl J. Crist, Executive Vice-President

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## Rounding Out the Protection

When the life agent has sold a client a program of insurance, and stopped every gap with financial reserves, he has not completed his work.

Every man is liable to become disabled. The long elimination period to the disability clause of the life contract makes it inadequate.

Our full coverage policies, designed to "fit in" with a life insurance program, should be investigated.

Send in the coupon for further information.

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Executive Office  
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Please send me information regarding your accident and health policies.

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## NEWS OF LIFE ASSOCIATIONS

### Newark Holds Big Congress

More Than 400 in Attendance—Bendiner, Beers, Gray, Huebner, Ellis and Riehle Speak

NEWARK, June 23.—Lack of aggressiveness on the part of some field men is one reason that the production of life insurance has dropped with the depression, Irvin Bendiner of the New York Life in Philadelphia, an instructor in insurance at the Wharton School of Finance, told 400 life underwriters at the one-day sales congress held here under the auspices of the Life Underwriters Association of Northern New Jersey.

There are any number of prospects today, he said. There are a great many people still employed, who have not had their income or salary reduced. He cited doctors, lawyers, manufacturers in many lines, school teachers, private secretaries and heads of large corporations.

In his talk on "It's All in the Timing," W. H. Beers, New York City, general agent New England Mutual, said it takes time to make and work out plans, but it is better for a man to remain in the office for an hour and have a worked out program, than to spend three hours in the field without knowing where he is going and whom he is going to see.

There are three ingredients necessary in a sales talk, said A. E. N. Gray, assistant secretary Prudential in his talk on "The Lesson They Left Out." They are interest, creation and action. He recalled that when he first entered life insurance, he was given a rate book and a batch of applications, but was not told where to go or whom to see. That, said the speaker, was the lesson they left out.

#### Huebner Speaks in Afternoon

To make a success in the life insurance field, there must be an aptitude for the business, knowledge, honesty and industry, Dr. S. S. Huebner, dean of the American College of Life Underwriters, said in his talk on "Life Insurance Training Problems of Today." Dr. Huebner also gave a detailed account of what the American College is doing for the man in the field as well as the executive.

Other speakers were R. C. Ellis, general agent Home Life, on "The Black Shadow," and T. M. Riehle on "Some Cardinal Principles of Selling." President John R. Hardin of the Mutual Benefit gave the address of welcome. Ernest D. Finch, of the association, presided at the morning session and Louis DeV. Day of Day & Cornish, general agents for the Mutual Benefit, in the afternoon.

\* \* \*

Jackson, Mich.—E. W. Owen, Detroit manager Sun Life of Canada, addressed the Jackson association's June meeting on "Thirteen Keys to Success." One of the "keys" that he stressed particularly was the proper planning of work. He pointed out that an hour saved daily amounts to virtually an extra month when extended over a year's time. The association closed its regular meetings for the year but will hold a picnic some time in July.

\* \* \*

St. Louis—J. G. Callahan, Metropolitan Life, has been nominated for president of the St. Louis association and is scheduled to be elected at the annual meeting. Other nominations are: First vice-president, H. A. Moores, National Life of Vermont; second vice-president, A. P. Shugg, Aetna Life; directors, S. L. Morton, Connecticut Mutual Life; W. H. Van Sicker, Massachusetts Mutual Life; F. F. Sale, Missouri State Life, and J. J. Crowley, Pacific Mutual Life.

Vincent B. Coffin, superintendent of agencies Connecticut Mutual Life, will be the principal speaker on "Life Insurance Selling in 1932."

### But Few Old Members Left

L. Brackett Bishop Gives Reminiscences of the Early Days of the Chicago Association

L. Brackett Bishop of Chicago, former general agent of the Massachusetts Mutual Life and former president of the Chicago Association of Life Underwriters and the National association, gives some historical incidents regarding the starting of the Chicago body in 1888, when in December of that year 14 life men met to organize. Mr. Bishop said that prior to that time they were hardly known to one another. Competition was acute and there were no ethics observed. Assessment insurance was going strong.

#### Names of Charter Members

After the first meeting, an adjournment was taken until the next month when 29 met and signed the roll, making them charter members. There were J. W. Janney, Calvin S. Smith, O. P. Curran, A. F. Parrish, C. A. Weidenfeller, D. B. Hinman, W. J. Plowe, Jr., George L. Wrenn, L. A. Spicer, E. P. Roberts, J. H. Strong, Ira J. Mason, A. L. Chetlain, J. K. Stearns, W. D. Wyman, C. H. Ferguson, J. M. Stryker, Seymour Walton, C. B. Cleveland, C. B. Soule, W. S. Swymmer, B. V. Hubbard, C. D. Hammer, Ben Williams, C. N. Hammer, W. E. Shryer, E. D. Redington, H. D. Penfield and L. Hull. Mr. Hubbard is the only survivor who is a member of the association. Colonel Strong and J. M. Stryker are living but they are not members of the organization. Charles N. Hammer, who died in Boston a few weeks ago, aged 88, was one of the original 29. Mr. Bishop said that in a short time after organization it would have been difficult to find a more friendly group.

#### Rift in the Ranks

The first president was J. W. Janney of the Provident Life & Trust. The next year Gage E. Tarbell, who had charge of the western department of the Equitable of New York, and W. D. Wyman, manager of the Berkshire, were candidates for president. Mr. Tarbell received 12 votes and Mr. Wyman 13. Mr. Wyman was declared elected. It was then discovered that only 24 persons were present, although 25 votes were counted. The Tarbell supporters asked for another vote and this was refused. Eight members resigned. All afterwards rejoined the organization except Mr. Tarbell, who

### Bushnell Heads Richmond Group; Bowles in Warning

Nathan Bushnell, Jr., Richmond general agent Jefferson Standard Life, was elected president of the Richmond Association of Life Underwriters at its annual meeting. Other officers elected are: G. T. King, Atlantic Life, first vice-president; W. F. Reynolds, Prudential, second vice-president; H. R. Hill, Life of Virginia, secretary; O. O. Carter, Connecticut General, treasurer. The executive committee is composed of the officers and P. P. Duffy, chairman, W. H. Brooks, P. B. Magruder, R. R. Rutledge and B. I. Chapman.

The association showed an increase of 40 members during the year. Commissioner Bowles spoke on the "Ethics of the Life Insurance Business." He said that he would cancel the contract of any agent caught trying to sell insurance on the demerits of other companies. Such tactics, he said, hurt the institution of life insurance. The association pledged whole-hearted cooperation in his efforts to uphold ethics.

## The Long Look Ahead

**LNL**  
was writing  
Juvenile Insurance  
on the life  
of the child  
as early as  
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**The Lincoln National Life Insurance Company Fort Wayne, Indiana**

General agencies

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Are YOU ready to  
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We have excellent General agency openings in Nebraska, Minnesota and Iowa.

Splendid contracts—strong support—Council Bluffs, Iowa; Davenport, Iowa; Rochester, Minn.; Lincoln, Nebraska

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**CEDAR RAPIDS LIFE INSURANCE COMPANY**  
CEDAR RAPIDS, IOWA

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President

Jay G. Sigmund, Vice-President and  
Agency Director

C. B. Svoboda,  
Secretary

1851

1932

**Co-operation - Sincerity - Service**

Our Motto for Over 80 Years

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PITTSFIELD, MASSACHUSETTS

**UNUSUALLY ATTRACTIVE  
DIRECT HOME OFFICE CONTRACT**

In Unassigned Territory

**GREAT REPUBLIC LIFE INSURANCE CO.**

T. J. McComb, President

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**THE UNITED STATES LIFE INSURANCE COMPANY**

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Non-Participating Policies Only

Over 80 Years of Service to Policyholders

Good territory for personal producers, under direct contract

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### MISSOURI

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moved to New York to become vice-president of the Equitable and head of the agency department, and Colonel Strong. This selection, as Mr. Bishop recalls, almost disrupted the association and it is the only event of the kind that has occurred during its 44 years of existence that caused such a ruction.

### Took Part in World's Fair

In the fifth year of its existence, 1893, it took part in the World's Fair in Chicago. The life insurance men formed a club, secured headquarters and entertained visiting life men. This feature was a great success. In 1895 the National Life Underwriters Association held its convention in Chicago. C. H. Ferguson of Chicago was president of the National body that year and presided. At the banquet held in connection with the National meeting Vice-president Soule of the Chicago association acted as toastmaster inasmuch as President Stearns was confined to his home on account of illness. Mr. Stearns, according to Mr. Bishop, was most successful in getting members to cooperate. Notables from all over the country were present at this national meeting.

**Mobile, Ala.**—J. B. Crawford has been elected president of the Mobile association; E. A. Zelnicker, vice-president; Steele Black, secretary; Henry Wright, treasurer. Joe C. Montgomery, who was president last year, was elected for the National executive committee. Ben Walker, a member of the Mobile association, has been transferred to Birmingham as district manager for the Equitable Life.

**Asheville, N. C.**—The Asheville association is now in second place in the membership contest of the National association, which closes June 30.

The association here under the direction of R. A. Wanner, president, 1931, had only 18 paid members. Its goal is 75 members by the time the contest closes and the association is making every effort to reach its objective. Its percentage of gain gives it second place so far, with Miami, Fla., leading the field.

**Omaha**—The sales congress in Omaha, held on June 22, consisted of five lecture periods of 55 minutes each, conducted by J. E. Bragg, professor of life insurance at New York University. The questions on which the discussion was centered included: What is life insurance from the buyer's point of view, sales planning, face to face tactics in presenting the proposition to the prospect.

**Tampa, Fla.**—The Tampa association has elected the following officers: W. J. Houlihan, president; B. H. Siler, vice-president; Albert Litschgi, secretary-treasurer; directors are G. P. Cannon, E. W. Folsom, T. C. Cross, W. P. Jernigan, J. M. Palmer.

**Topeka, Kan.**—New officers of the Topeka association are: President, H. W. Moore, manager Mutual Life of New York; vice-president, H. H. Cecil; Lincoln National; secretary-treasurer, C. L. Gregg; Fidelity Mutual. The officers and J. J. Holloway, Metropolitan; C. M.

Trout, Connecticut Mutual, and F. E. Pence, Aetna Life, are directors.

**Southwest Texas.**—At the southwest Texas association's meeting in San Antonio a motion endorsing Lester O. Schriver for fourth vice-president of the National association was carried unanimously.

Mr. Schriver, who is now secretary of the National association, gave an inspirational talk.

**Saginaw, Mich.**—W. L. Burchill was elected president of the Saginaw association at its annual meeting. Other officers are: First vice-president, A. F. Brogger; second vice-president, D. H. Nelson; secretary, W. R. Howson, and treasurer, L. F. Bennett. The last two officers named were reelected. Isidor List, P. L. Field and D. D. Smith were named directors and L. D. Johnson was chosen national executive committeeman.

**Wheeling, W. Va.**—The Wheeling association has elected W. G. Kaltenbach, manager Western & Southern Life, president. He was formerly secretary-treasurer. C. L. Van Camp was elected vice-president. Directors are R. B. Naylor, O. J. Rizer, D. W. Baird, Thomas McHugh, E. D. Wilson, C. Law and J. A. Morrison.

**Utah**—Ralph Kahn, Union Central Life, Salt Lake City, was elected president of the Utah association at the annual meeting with J. T. Butler, Aetna Life, first vice-president; A. E. Buckwell, Travelers, second vice-president; F. L. Hunt, Aetna Life, secretary-treasurer. The executive committee includes W. F. Smith, Equitable Life, chairman; F. G. Wagstaff, Mutual Life; Hazen Exeter, Pacific Mutual; B. T. Smith, Lincoln National; J. E. Johnson, Penn Mutual, and L. S. Fotheringham, Metropolitan Life.

John D. Spencer, veteran Salt Lake City agent of the New York Life and the first president of the association, was voted a life member.

The Utah association is planning a radio advertising campaign in cooperation with the Life Insurance Managers Association. The intention is to have a series of broadcasts from Salt Lake City, at least once a week, extending over several months.

**East Bay, Cal.**—The annual meeting of the East Bay (Oakland) association was held June 23. John Monro, manager of the engineering and inspection department of the Travelers at Oakland, who accompanied Stefansson on his trip to the Arctic, spoke on "Shipwrecked in the Arctic."

**Milwaukee**—Life underwriters should develop the same pride in their business and the same pride in themselves to prepare themselves to be the equal in their profession that the prospect is in his particular business. C. Vivian Anderson, Cincinnati, first vice-president of the National association and a Provident Mutual Life million dollar producer, said in a talk on "Mental Attitude Toward Life Insurance," at the June meeting of the Milwaukee association.

"You have to set up in yourself a research department," Mr. Anderson said. "Analyze your problems and the people with whom you come in contact. Throw out prospects you can't get along or jibe with. Don't waste time on them. We should check up on ourselves and find out why we are not doing the business we should be doing. We should hold our own with other professions in our civic consciousness."

**Akron, O.**—At the annual meeting of the Akron association, R. E. Kennedy was elected president and E. C. Noyes, vice-president. F. W. Durkee, J. T. Kimberly and H. T. Waller were elected on the executive committee. N. R. Smith, Jr., was made national executive committeeman.

**Kansas City, Mo.**—About 70 members of the Kansas City association heard O. J. Neibel, assistant trust officer Commerce Trust Company, discuss taxes at a meeting last week.

"No important changes," Mr. Neibel said, "were made in the taxes assessed on the proceeds of life insurance, except that any insurance proceeds, or income therefrom, which is taxable will be taxed at the new (and increased) rates. However, gifts of insurance or annuity contracts undoubtedly will be considered a gift under the new gift tax."

"The new Missouri income tax regulation recently issued declares the following to be taxable income: (1) Dividends from paid up life insurance, and

(2) proceeds of life insurance receivable by corporations from policies carried by the corporation on its officers less premiums paid by corporations."

It was announced that Dr. S. S. Huebner will be in Kansas City Aug. 3.

**Colorado**—The life insurance man who fails to adjust himself to conditions produced by the business depression is unfitting himself to be successful when more prosperous times return, said P. L. Corbin, Denver, agency director New York Life, at a group meeting of the Colorado association at Longmont.

"In these times," declared Mr. Corbin, "an agent must see more people than in ordinary times in order to obtain the same amount of business, but too many agents are seeing less prospects due to the discouraging factors. We must adjust ourselves to conditions as we find them. With nearly everyone suffering cuts in their pay envelopes an extra effort must be made by the life insurance salesman."

E. W. Melville, Aetna Life, Denver, spoke on "Time Control." The meeting was held under the auspices of the Boulder county association and was attended by underwriters from Longmont, Boulder and Lafayette.

**Pittsburgh**—The annual meeting of the Pittsburgh association was held Tuesday, J. M. Holmes, manager of the Travelers, being elected president. R. S. Koehler, Jr., Mutual Benefit, is made first vice-president; W. R. Furey, Berkshire, second vice-president; T. W. Pomeroy, New England Mutual, treasurer. The directors are R. H. Finger, Sun Life; J. A. Quinn, Reliance Life; F. W. Ries, Jr., Canada Life; R. N. Waddell, Fidelity Mutual, and F. C. Wigginton, State Mutual. Mr. Waddell is retiring as president. After the new officers were installed S. B. Miller, Equitable Life of New York, who has produced a quarter of a million consistently, and had a peak year of \$400,000, gave 10 reasons why a son should buy life insurance. H. J. Johnson of the Penn Mutual arranged a sales demonstration.

The presentation of the L. D. Hemenway cup to the Berkshire Life agency for the most outstanding service to the association during the past year was a feature, the presentation being by Retiring President Waddell to W. M. Furey, general agent of the Berkshire.

**Columbus, O.**—The Columbus association has elected the following officers: President, J. Boyd Davis, Penn Mutual; vice-president, C. C. Doyle, Connecticut Mutual; secretary, Ely D. Miller, Provident Mutual; treasurer, H. P. Getz, Connecticut Mutual; delegate to the Ohio association, R. W. Hoyer, John Hancock; executive committee, Edward Eberle, New York Life; E. D. Smith, Columbus Mutual; J. W. Ray, Travelers.

**Indianapolis**—The Indianapolis association will hold its last meeting of the season Friday afternoon. Two notable entertainers from life underwriting ranks will be present—J. L. Shuff of Cincinnati, Union Central Life, and "Tommy" Thompson of the Travelers, Peoria, Ill.

**Cedar Rapids, Ia.**—Life underwriters from Dubuque, Waterloo, Marshalltown and other towns in eastern Iowa attended the school conducted this week under auspices of the Cedar Rapids association. "The Secret of Success in 1932" is the theme. The session was led by J. E. Bragg, director of the life insurance training division of New York University.

### Rio Grande Valley Managers Meet

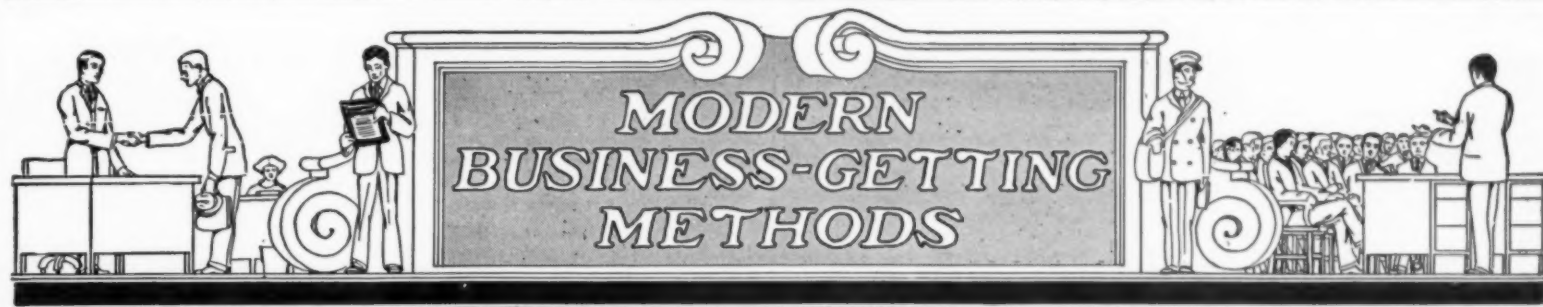
At a meeting of Rio Grande Valley agency managers at Harlingen, Texas, the evils of the wholesale appointment of part-time agents were discussed. The need of an intelligent understanding of the different forms of policies and the services they offer to the public were stated to be essential to the welfare of the public and the underwriting business.

Officers elected were R. W. Ogden, president; O. R. Eby, vice-president; Dan Moody, treasurer. E. W. Wade, San Antonio branch manager of the Pan American Life, was elected an honorary life member of the club.

The Detroit office of the Sun Life of Canada, Ernest W. Owen, manager, has been moved to the 12th floor of the Union Guardian building.

**THE CLIFT**  
 SAN FRANCISCO  
 GEARY AND TAYLOR STREETS  
 340 Rooms With Bath  
 Rates from \$10.00 single and \$12.00 double  
 Groups Accommodated  
 Dining Rooms and Coffee Shop  
 For reservations write or visit  
 THE CLIFT  
 San Francisco  
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 Five miles from Palm Springs  
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 THREE CALIFORNIA HOTELS OF DISTINCTION





## Questions Asked in Examination for Chartered Life Underwriter Degree by the American College

There were 651 people who took one or more installments in the examination of the six series of the chartered life underwriter degree conducted by the American College of Life Underwriters at the different educational institutions last week. Last year there were 521 candidates. The C. L. U. examinations are given in five parts. The questions were as follows:

### PART 1

#### Life Insurance Fundamentals

##### (a) ECONOMICS OF LIFE INSURANCE

1. The statement is often made that whole life and endowment policies constitute an application of the "sinking-fund" principle.

(a) Explain the nature and purpose of a scientifically operated sinking-fund.

(b) Define the sinking-fund element in the life insurance contract, and explain how it meets all the attributes of a sinking-fund as you have set them forth in the preceding section of this question.

(c) Enumerate three distinctive sinking-fund uses for life insurance, explaining each sufficiently to make your meaning clear.

2. "A" is the owner of a \$100,000 estate, consisting of real estate to the extent of one-third, stocks and bonds to the extent of another third, and capitalized royalties (at 5 percent) from books for the remaining third. He is making his will for the disposition of this estate to the members of his family. Heretofore the annual family standard of living has been on a \$5,000 basis, exclusive of "A's" self-maintenance. Enumerate all the reasons why "A" should use life insurance as a supplement to his will, explaining each sufficiently to make your argument clear.

##### Partnership Case Cited

3. "A" and "B" are partners, each to the extent of a one-half interest. With respect to both, the partnership interest constitutes the major part of the general estate. Each partner is insured

to the extent of the appraised value of his partnership interest, making the proceeds payable to the surviving partner for the specific purpose of purchasing the deceased's interest.

(a) Explain the advantages of this plan to "A's" heirs in case he should be the first to die.

(b) Explain the advantages of this plan to "A" in case he should outlive "B."

4. "A" believes in investment on a sound installment plan, but prefers a combination of municipal bonds and the purchase of decreasing renewable term insurance with some insurance company. He argues that under such a combination such bonds would give a better rate of investment return than is obtainable through life insurance, that such bonds are free from federal taxation, and that they also give the opportunity of gain through appreciation. Compare fully life insurance as an investment with the plan which "A" is proposing, on the basis of his arguments.

5. An insurance executive expresses the opinion that life insurance companies should not undertake the promotion of life conservation on the grounds:

(a) That life conservation is hardly a service which, from a sound insurance standpoint, could reasonably be expected of a life insurance company.

(b) That such a program, if undertaken in a substantial way, does not pay financially.

Present your opinion, and the reasons for the same, with respect to each of the aforementioned viewpoints.

##### (b) PRINCIPLES AND PRACTICES

1. At age 35 "A" bought a \$10,000 ordinary life policy at an annual premium of \$197.10. At age 45 "A" decides to pay off a 6 percent personal loan of \$1,290 by exercising his right to a policy loan for that amount (the full loan value at the time) at 6 percent. But he is advised that he should, instead, avoid the 6 percent policy loan obligation and claim the \$1,290 of sur-

render value, and use the same for the retirement of the personal loan. At the same time, since "A" can pass the required medical examination, he is also advised to take a new ordinary life policy in the same company for \$8,710, costing an annual premium at age 45 of \$246.93, and thus save \$27.57 in his annual outlay. Assuming that "A" is determined to retire the personal loan through the medium of his life insurance, which of the two aforementioned methods would you advise, and why?

2. "A" is a young doctor with good prospects but still struggling to establish himself more adequately in his profession. He has a wife and child and is earning \$2,500 a year. He believes that he should for some time continue to spend a reasonable amount for self-improvement, and ought also at once acquire a home on some installment mortgage plan. Although believing in life insurance, he feels that his present course justifies postponement of a substantial life insurance program until he has met his two primary needs, namely, reasonable professional success and payment for his home. What life insurance program would you present to this man, and what arguments would you use to convince him of the soundness of your advice.

##### Hazard of Disability Clause

3. (a) From the standpoint of sound economics, should the hazard of total and permanent disability be assumed by life companies? Give your reasons fully.

(b) From the standpoint of the greatest good to the insured and his family, what should total and permanent disability protection provide when offered in conjunction with life insurance? Enumerate the provisions and give your reasons for each.

4. (a) Enumerate the important types of circumstances (giving briefly your reason or reasons in each instance) under which you would advise the payment of life insurance proceeds in a lump sum.

(b) Enumerate the important types of circumstances (giving briefly your reason or reasons in each instance) under which you would advise the payment of life insurance proceeds in installments.

5. (a) The suggestion has been made that life companies should increase their "surrender charges" substantially.

(1) Define "surrender charge."

(2) Do you feel that an increase in surrender charges is justified? Give your reasons.

(b) From the following data show how you would calculate the net single premium of an immediate life annuity, at age 75, of \$1,000 per year.

(A section of the American Table is given showing number of lives at beginning of designated year and number dying, ages 75-95. There is given present values of \$1 at 3 percent due at end of 1 year and up to end of 21 years.)

### PART 2

#### Life Insurance Salesmanship

1. (a) Define salesmanship.

(b) In your opinion, are the services of the salesman vital and necessary to the success of a life insurance company? Discuss fully.

2. Old policyholders are said to be prospects for the purchase of new life insurance. Explain briefly, citing five specific reasons, why they may be prospects.

3. Using your own facts, prepare a specific sales talk for the presentation of an immediate non-refund annuity to a woman of 70 without dependents.

4. Define and explain briefly the following terms in relation to their importance in the selling process.

- Instinct.
- Acquired habits.
- Programming.
- Prospect.
- Human nature.
- Sensation.
- Imagination.
- Procrastination.
- Knowledge of fundamental sales psychology.
- Creating desire.

##### Placing Proceeds in Trust

5. Current estimates indicate that but a small percentage of the life insurance now in force is payable in installments or under trust agreements. Set forth fully the approach which you would use in recommending the placing of life insurance proceeds in trust. Use such facts of your own as you regard necessary for presentation.

6. (a) Objections by the prospect during the interview help to develop a

## Duality - -

Life insurance may be described as the most unselfish medium of dual financial service yet devised by man. Life insurance first furnishes the logical, fool-proof way to CREATE PRINCIPAL at one's death for the benefit of those who are left behind. Next, through annuities, it furnishes the supreme method for making a lifetime's ACCUMULATED PRINCIPAL take up the creator's personal burdens and carry them for HIM until his death.

Thus one first turns to life insurance to provide for others, then to the annuity to provide for himself. In prescribing annuity forms, one cardinal principle should not be overlooked: The right of the annuitant to benefit to the utmost from his own capital during his own lifetime! Next to health, there can be nothing more conducive to earthly welfare and happiness than an adequate monthly income, guaranteed for life. It is this fact that makes an annuity the most serviceable monetary contract yet devised by man for his own personal comfort.

AMERICAN CENTRAL LIFE INSURANCE COMPANY  
Indianapolis



**No Better Territory  
No Better Company  
No Better General Agent's  
Contract Than Our Service  
Pension Contract**

## THE LAFAYETTE LIFE INSURANCE CO.

W. W. Lane, Secretary  
F. L. Alexander, President  
W. R. Smith, Field Vice-President  
**LAFAYETTE, INDIANA**

**NEW ORLEANS  
New St. Charles**  
One of America's Leading Hotels  
ACCOMMODATING 1000 GUESTS  
The famous Hotel St. Charles assures this season's visitors the same warm welcome that has attracted the country's notables for a century. Modernized to keep abreast of the times the beautiful St. Charles is better equipped than ever before to well serve its distinguished patronage.

**ALFRED S. AMER & CO. Ltd.**  
NEW ORLEANS, LA.  
Send for descriptive folder. Valuation offices for Illustrated Mardi Gras and All Transportation Program for the asking. Lines in Lobby.

**HOME OF WINTER RACING**

### Life Insurance— Trust Service

now go hand in hand. Men of affairs demand both. Life Insurance creates the estate. The Life Insurance Trust safeguards it.

Send for booklet  
The Life Insurance Trust  
**Chicago Title & Trust Company**  
69 West Washington St.

### Wanted! GENERAL AGENTS in Illinois, Missouri and Kansas

**St. Louis Mutual Life Insurance  
Company**  
Originally Incorporated 1857  
3640 Washington Blvd. St. Louis, Mo.

salesman as well as aid in the particular interview in which they arise. Discuss briefly five advantages or benefits which the salesman may derive from an intelligent use of the prospect's objections.

(b) You are confronted with the following specific objections. Set forth your suggested replies, using your own facts if necessary.

(1) Life insurance as an institution must face the readjustment problem as banks, financial concerns and industries have faced it. I shall await developments.

(2) I have suffered a reduction in salary.

(3) I must remain in a liquid position.

(4) My own business requires all the funds I can raise.

(5) Submit it in writing and I shall be glad to go over it.

7. (a) What is your understanding of a "brief" or "written presentation" in a life insurance sales proposal?

(b) What are the advantages to the salesman in the proper use of the "brief" or such "written presentation?"

(c) What specific information should be set forth in the "brief" or "written presentation?"

8. (a) What methods would you use to arouse the attention and obtain the interest of a prospect in a life insurance interview? Present fully.

(b) "Price" and "Delay" are signals in closing. Discuss fully. What is the importance in the close of the so-called "psychological moment?"

9. Enumerate and discuss briefly five developments in the institution of life insurance during the period of the current depression which can be used in sales presentation and set forth fully the specific sales value of each.

10. (a) The statement has been made that "the day of high pressure salesmanship in life insurance is past." Explain.

(b) Sales managers stress the importance of the personality and the character of the salesman in the sale process. Discuss.

### PART 3

#### General Education

Note: A special grade on English will be given each candidate for this examination. It will be based upon grammar, spelling, punctuation, paragraphing, and other factors essential to the writing of good English.

#### (a) ECONOMIC PROBLEMS

(Answer any four questions, retaining the question numbering given here.)

1. In recent months short selling by speculators on the stock exchange has been repeatedly attacked.

(a) Do you consider short selling economically sound? Reasons.

(b) What economic functions are performed by speculators on the stock exchange?

2. The following statement appeared in a recent issue of "Current History": "It now seems certain that the Treasury will be forced to borrow \$2,000,000,000 in bond issues to cover the deficits for the period ending July, 1932. This issue by itself will bring about important inflationary consequences."

(a) What do you understand by inflation?

(b) Do you agree with the above statement? Why or why not?

#### Home Office Opening

Middle Western Life Insurance Company requires services of a wide awake young man preferably married and about 30 years of age. Must have knowledge of routine, of surrenders, loans, reinstatements, etc. Some actuarial and underwriting knowledge a requisite. Must be able to direct large volume of work expeditiously. Nominal remuneration; advancement considered on merit. Address **W-50, The National Underwriter.**

3. Numerous proposals for increased federal tax revenues have been made, to furnish additional funds to balance the federal budget. Among these proposals are (a) higher surtaxes on personal incomes, (b) higher excise taxes on specific commodities, such as tobacco, (c) larger taxes on corporation profits and (d) a general sales tax.

#### Possible Economic Effects

Analyze the possible economic effects of each of these proposed taxes, if actually imposed.

4. There is a great deal of discussion as to the possibility of America abandoning the gold standard.

(a) State clearly what is meant by the gold standard.

(b) What alternatives are there to the gold standard?

(c) What would be some of the economic consequences if the United States should abandon the gold standard?

5. The many bank failures during the past year have revived the agitation for insurance of commercial bank deposits.

(a) Do you consider such deposits insurable risks? Give reasons for your point of view.

(b) What possible effect do you think commercial bank deposit insurance would have on banking policies?

#### (b) GOVERNMENT

(Answer the first and any three other questions, retaining the question numbering given here.)

1. Johnson died on June 1, 1932, leaving a will under which his wife is to receive his entire estate absolutely. His estate consists of a home valued at \$20,000; stocks and bonds currently quoted at \$35,000; an interest in a business, which interest is appraised at \$25,000; a \$10,000 ordinary life insurance policy in which his wife is named as beneficiary; and a policy providing a life income to his wife of \$100 a month, 240 monthly payments being guaranteed.

(a) To what extent is this estate taxable under existing (1) federal estate tax laws, (2) state inheritance tax laws?

(b) When and to what extent will this estate and the income therefrom be taxable to his wife under the present federal income tax law?

2. (a) Explain the theory of checks and balances in government and show how this was applied at several points in our national constitution.

(b) Mention briefly any point at which it has been changed in practice.

3. Give a short correct statement in place of each of the following:

(a) Treaties are made by Congress.

(b) The constitution requires that the President must be chosen by the people.

(c) All federal judges are elected by popular vote for ten-year periods.

(d) So long as Congress deals with federal matters there are no limits on its powers.

(a) Under the city manager-commission plan the mayor appoints a city manager who chooses all city commissions but the real legislative power resides in a city council.

#### Questions as to Laws

4. Which of the following laws would be unconstitutional and why?

(a) A state act declaring that on and after January 1, 1933, no life, fire or fidelity insurance could be sold within the state.

(b) A federal act providing that insurance companies must retain 50 percent of all life insurance premiums as a reserve for losses.

(c) A federal law forbidding the employment of children under ten years of age in any explosives factory in the United States.

(d) A state act providing that physicians should pay an income tax of one-half of one percent; teachers, one percent; and persons engaged in manufacturing should be exempt from state income tax.

5. Explain and illustrate briefly what is meant by the following terms:

(a) A federal implied power.

(b) A plurality of voters.  
(c) Public utility regulation.  
(d) Due process of law.

#### (c) SOCIOLOGY

(Answer 1-2 and any two other questions, retaining the question numbering given here.)

1-2. During the past few years this country has experienced rapidly falling commodity prices, a substantial reduction in the money income of most people, and a large increase in unemployment.

(a) Name and define the various standards of living which are ordinarily recognized in social studies.

(b) Assuming an individual is still receiving the same income as he has received for the past five years, and further assuming that he wishes to maintain the same standard of living, what influence would the above factors have upon the various items in his family budget? In answering this question, indicate the important items ordinarily included in a family budget and be specific in pointing out the effect upon each.

(c) Assuming that commodity prices and the national income continue on a lower level than prevailed in 1929, but that there is a gain in employment, what effect would this tend to have upon the amount of life insurance in force? List and explain briefly any counteracting factors which you would consider important.

#### Important Causes of Mortality

3. Important causes of mortality in the history of the United States have been: Cancer, tuberculosis, smallpox, yellow fever, scarlet fever, diabetes, Bright's disease, typhoid fever, malaria, heart disease and cholera.

(a) Which of the above have shown a substantial downward trend within the past few decades? List all the factors which in your judgment have contributed to this reduction.

(b) Which of the above have shown an upward trend or no improvement? Why should this be the case? Be specific, showing clearly the difference in the problem involved in combating these diseases in comparison with those which have declined in importance.

4. "A" contends that all states should adopt laws which would provide that each person age 70 who does not have property assets equal to \$5,000 should be given an old age pension of an amount necessary, together with such income as he or she has, to equal one dollar per day; the revenue for this purpose to be derived from current taxation.

(a) Do you consider this a satisfactory solution to the social problem of old age dependency? List all reasons in outline form.

(b) Can you suggest any better proposal for accomplishing the same end and which would reach the great masses of working people? If so, explain your plan and state all reasons why you deem it better.

5. (a) Explain the connection between present financial conditions and the mental health of many people in this country.

(b) In what respect has life insurance been of service in reducing the seriousness of the problems to which the situation in part (a) has given rise?

(c) To what outstanding problems has the connection referred to in part (a) subjected the life companies?

(The remainder of the C. L. U. questions will be published next week.)

### Referee Named in Case of Commissioner G. W. Brown

ST. PAUL, June 23.—P. C. Reynolds, an attorney of St. Paul, has been named referee to hear charges filed against Commissioner Garfield W. Brown of Minnesota by Z. H. Austin, Minneapolis. The hearing will begin June 27.



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# It's Children That Gets Them

IT takes a good deal to get under a prospect's skin in these days of tough selling. The ordinary approaches don't seem to have any effect, people's minds are distorted by business conditions. But there is one thing that always gets them and that's children.

That's why children are featured in the National Underwriter Life Insurance Calendars. What father won't soften when he looks at the above picture in The National Underwriter Insurance Calendar with the sales caption "Headed for college and success with an educational life insurance policy guaranteeing it."

There are eleven other pictures just as effective as this one in the 1933 National Underwriter Insurance Calendar—one for each month. And at the top of every-one of the twelve sheets your name

and advertisement appear in large bold type where they are seen by all eyes.

You can get the exclusive right to use these sales building calendars in your city if it is less than 100,000 and you order right away. Send 10 cents in stamps today and get a complete sample of this splendid calendar and full details regarding the exclusive franchise.

## MAIL COUPON TODAY!

The National Underwriter Co.,  
11946 Insurance Exchange,  
Chicago, Ill.

Please send me full particulars about your 1933 Insurance Calendar. ☐ Enclosed is 10c in stamps for sample.

Name .....

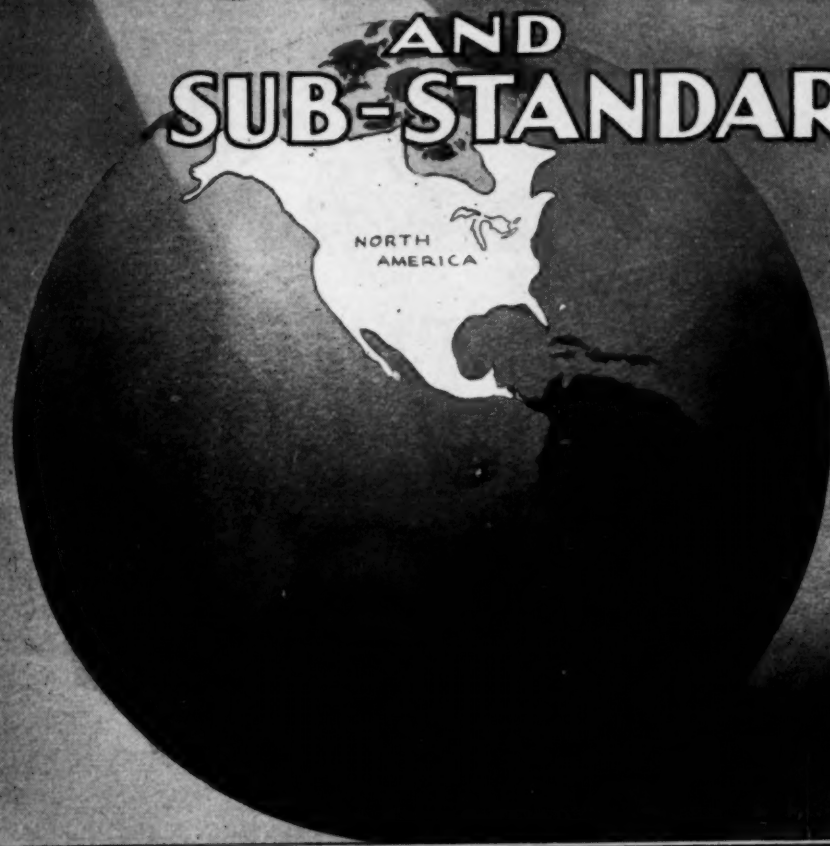
Street Address .....

City..... State.....  
(Life No. 4)



This is the second of twelve sheets of the new National Underwriter Life Insurance Calendar for 1933. The full size of the calendar is 9 by 16 inches, while the pictures measure 8 1/4 by 7 1/4 inches. Your name and advertisement appears at the top of every sheet in large, bold type, carrying your message to your customers 365 days a year. The calendar pad is essentially practical as the numerals can be seen across the room and the months before and after are shown.

**LIFE  
REINSURANCE  
STANDARD  
AND  
SUB-STANDARD**



**North American Reassurance Company**

**LAWRENCE M.  
CATHLES, PRESIDENT  
250 PARK AVENUE  
NEW YORK**



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